

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name County of Jackson, Michigan	County Jackson
Audit Date December 31, 2005	Opinion Date May 11, 2006	Date Accountant Report Submitted to State: June 28, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

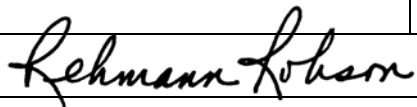
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

COUNTY OF JACKSON, MICHIGAN



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2005

Prepared by:

Robert C. Elliott, County Administrator/Controller
Gerard Cyrocki, CPA, Finance Officer

INTRODUCTORY SECTION

JACKSON COUNTY, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2005

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* * * * *



Jackson County ADMINISTRATOR/CONTROLLER

Robert C. Elliott, Administrator/Controller

Randall W. Treacher, Deputy Administrator

May 11, 2006

To the Board of Commissioners and the Citizens of Jackson County:

Transmitted herein is Jackson County's Comprehensive Annual Financial Report of the fiscal year ended December 31, 2005. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representation concerning the finances of Jackson County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Jackson County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Jackson County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jackson County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF JACKSON COUNTY GOVERNMENT

Jackson County, 707 miles square and with a current population of approximately 158,000, is located in the south-central portion of Michigan's Lower Peninsula. The County was incorporated on August 1, 1832.

Jackson County is governed by a twelve-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts. The board annually elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a majority vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

-v-

Judges of the 4th Judicial Circuit, Probate Court, and 12th District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the county is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Health Officer, Medical Examiner and Equalization Director. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State Law. The Medical Examiner performs the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Department of Human Services Board, the Board of County Road Commissioners, the Parks Commission, the Airport Board, the Fair Board and the Economic Development Corporation Board among others.

The business of the County is carried out on a daily basis by some 600 employees located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Jackson County operates.

Local Economy

Jackson County, located at the hub of Interstate 94 and U.S. 127 in Central Michigan's Lower Peninsula, enjoys a rich human and technical resource data base. The economic status of Jackson and the City of Jackson (County Seat) is heavily influenced by its geographic location and continues to diversify its economy in the areas of health care, manufacturing, service/professional, arts, and tourism related opportunities.

A significant factor contributing to the area's economic strength is the presence of the headquarters of Consumers Energy, one of the largest public utilities in the State of Michigan; the State Prison of Southern Michigan (SPSM), the State's largest correctional institution; and Foote Health System, the County's premier health care facility. These major employers provide a secure foundation for the area's economy.

The senior millage was passed in August of 2004. With collections of this voter approved a 0.25 mill property tax levy in 2005, senior services provided by the county Department on Aging were expanded at a cost of over \$600,000. The Friend of the Court relocated to the Northlawn building in the fall of 2005 for a moderate cost of just under \$250,000. This location was formerly occupied by the County Health

Department. This relocation will allow for the sale of the FOC's previous location, the Woolworth building. This potential sale coupled with the consummated sale of another former county owned facility during 2005 (Kresge building), will place two public ally owned properties onto the future tax revenue stream.

The tax base for Jackson County has grown steadily over the past several years. Property values for the County are estimated at \$11 billion based on the 2005 Equalization Report. The value of real property increased in 2005 by 6.24% despite a slow economy. The estimated "True Cash Value" translates into a State Equalized Value of \$5.5 billion, the total change in the Equalized Value was 5.77% for 2005 or \$301,813,311.

The local economy in Jackson County continued to have success throughout 2005 as the economy began its upswing. Over thirty firms increased their local investment by \$33,096,313. This investment resulted in the retention of 1,245 jobs and the creation of 224 additional jobs. Plans are underway to develop 1,000 acres of previously state owned prison property into a new industrial park. An Aviation Business Park located on surplus property at the Jackson County Airport is being planned and over \$34,000,000 will be invested in the Airport runway realignment project over the next several years.

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund (13.2 percent of total general fund expenditures and transfers out) exceeds policy guidelines set by the Board of Commissioners for budgetary and planning purposes.

Projections over the next 5 years assume a reduction of 63 FTE's to offset historical State Revenue Sharing payments that were approximately \$ 3,000,000 annually. The reduced levels are anticipated to be achieved via attrition (retirements & terminations). As of December 31, 2005 the county experienced a net reduction of 29 FTE's. Additional cost savings measures that must be researched and acted upon include medical and pension costs through the identification of cost-containment strategies and negotiated labor contracts.

The Board of Commissioners adopted a 4-year conceptual financial plan in August of 2005 to provide a targeted \$6.0 million financial adjustment to meet major uncertainties in the local, regional, and State economic markets. This financial plan is funded upon sound management and budget policies for the stewardship of public funds. This concept is defined more narrowly with "budget issues" that the County Board has defined as integral in achieving this target. In addition to the staffing level mentioned above, some of the other issues include

- Compensation plan- a reevaluation of county-wide job classifications so as to maintain the same level of customer service and support. In essence do more with less by enhancing pay levels.
- Implementation of 5 year CIP (capital improvement plan) and CERP (capital equipment replacement plan) plans to effectively organize and schedule replacement and purchase of the county's fixed asset needs. The implementation of this kind of planning will allow more efficient allocation and spending of limited resources.
- Information Technologies (IT) Schedule-A comprehensive 3 year plan allows for maintaining state of the art technology that in turn equates to continued improvement of county operations and customer ease of services i.e. egovernment via the internet.
- Revenue Initiatives-although more limited in scope, the County Board has considered fee strategies, building space leasing, and a Park levy.

Cash Management

Jackson County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize the interest earnings. These investments are consistent with State statutes and guidelines adopted by the Board of Commissioners. Investments are generally limited to certificates of deposit, high interest savings accounts and, United States or federal agency obligations. Because only a small portion of the County's portfolio can be covered by the FDIC insurance, it is essential that the County Treasurer continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. In addition, the pension and post employment benefits trust funds may also invest in common and preferred stocks, corporate bonds, and mutual funds in accordance with state statute.

Risk Management

The County is self-insured (up to certain limits) for employees medical expenses and workers' compensation. The County contracts with Blue Cross/Blue Shield and Citizens Management Inc. respectively, to administer these programs for its employees.

The County is covered for liability with traditional insurance through the Michigan Municipal Risk Management Authority (MMRMA). The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

Pension and Other Post Employment Benefits

The County maintains two benefits plans that provide pension and post employment healthcare benefits to county retirees. These are a defined benefit pension plan and a retiree healthcare plan. The actuarial valuations applicable to the defined benefit pension plan continue to reflect positive funding ratios. Total assets in the postemployment retiree health care fund showed a substantial increase from prior year as advocated by Board of Commissioners as part of their ongoing effort to fund future retirees' health care costs.

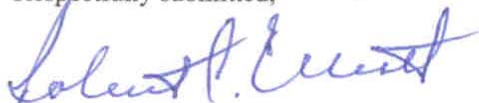
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Chairman of the Board and the County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Jackson's finances.

Respectfully submitted,



Robert C. Elliott
County Administrator/Controller

2005
COUNTY OF JACKSON
BOARD OF COMMISSIONERS

District #1	Clifford Herl, Vice Chairman	Board Member
District #2	David Lutchka	Board Member
District #3	Todd Brittain	Board Member
District #4	John Day	Board Member
District #5	Judy Reynolds	Board Member
District #6	James Videto	Board Member
District #7	James Shotwell, Jr. Chairman	Board Member
District #8	Gail Mahoney	Board Member
District #9	Phil Berkemeier	Board Member
District #10	Patricia Smith	Board Member
District #11	Greg Wilson	Board Member
District #12	DeAnn Gumbert	Board Member

ELECTED OFFICIALS

COUNTY CLERK

Sandra Crowley

COUNTY TREASURER

Janet Rochefort

COUNTY SHERIFF

Dan Heyns

DRAIN COMMISSIONER

Geoffrey Snyder

REGISTER OF DEEDS

Mindy Reilly

PROSECUTOR

Hank Zavislak

COUNTY SURVEYOR

Dean R. Gutekunst, R.I.S.
Gutekunst Surveyors

JUDICIARY

**4TH CIRCUIT /FAMILY
COURT JUDGES**

Charles Nelson/Chief Judge
Judge Edward Grant
John McBain
Chad Schmucker
Susan Vandercook

**12TH DISTRICT
COURT JUDGES**

Charles Falahee, Jr. Chief Judge
Lysle Hall
James Justin
Darryl Mazur

**PROBATE
COURT JUDGES**

Susan Vandercook Chief
(Also in Family Court)

ADMINISTRATION

**ADMINISTRATOR/
CONTROLLER**

Robert Elliott

DEPUTY ADMINISTRATOR

Randall W. Treacher

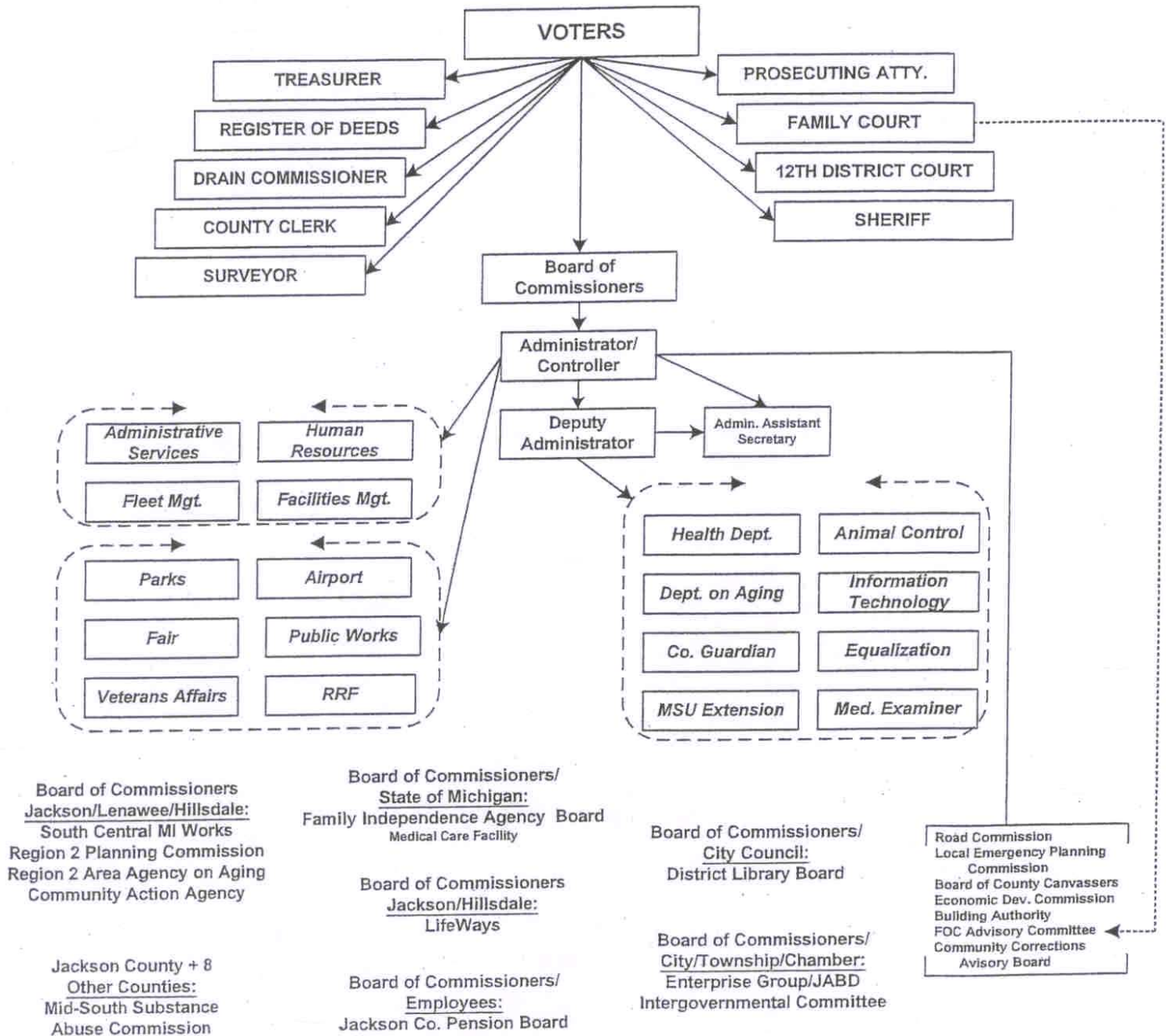
**HUMAN RESOURCES
INTERIM DIRECTOR**

Joni Johnson

FINANCE OFFICER

Gerard Cyrocki

JACKSON COUNTY



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

May 11, 2006

Board of Commissioners
County of Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF JACKSON, MICHIGAN**, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility Enterprise Fund, which is a major fund, and therefore, a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 54.4% and 1.1% of the assets and 57.5% and .2% of the program revenues, respectively, of the aggregate discretely presented component units. In addition, the Medical Care Facility represents 34.9% and 49.4% of the business-type activity assets and program revenues, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, the Road Commission and the Economic Development Corporation is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jackson, Michigan, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2006, on our consideration of the ***County of Jackson, Michigan's*** internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and GASB Statement 25 supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$68.5 million (*net assets*). Of this amount, nearly \$43 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$26.6 million of the unrestricted net assets. The Delinquent Tax Revolving Fund contains most of the business-type unrestricted net assets.
- The County showed an increase in total net assets of \$5.1 million dollars.
- At the close of 2005, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$27.2 million, an increase of \$4.3 million in comparison with the prior year. Most of this total is comprised of fund balances of funds created for a specific purpose. The general fund has an *unreserved/undesignated* fund balance of \$5.3 million.
- The general fund had a surplus of \$788,629 for 2005. At the end of the year, unreserved fund balance for the general fund was \$5.5 million or 13.2 percent of total general fund expenditures and transfers out. Approximately \$200,000 of this amount is designated for future expenditures.
- Jackson County's total Primary Government net bonded debt decreased by \$1.1 million.

II. OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County of Jackson's basic financial statements. The Jackson County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Jackson County's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting to report transactions.

The *statement of net assets* presents information on all of Jackson County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Jackson County is improving or deteriorating.

The *statement of activities* presents information showing how Jackson County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused paid-time-off leave).

Both of the government-wide financial statements distinguish functions of Jackson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Jackson County include legislative, judicial, elections, general government, public safety, health & welfare, recreation & cultural, community development, and others. The business-type activities of Jackson County include a Medical Care Facility that provides long-term skilled nursing care, the Delinquent Tax Revolving Fund, and the Resource Recovery Facility, which provides waste to energy production, and landfill monitoring.

The government-wide financial statements include not only Jackson County itself, but also 5 legally separate entities, the Road Commission, an Economic Development Corporation, the Drain Commission, the Board of Public Works, and the Brownfield Redevelopment Authority for which Jackson County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Building Authority, although legally separate, functions for all practical purposes as a Department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds- not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds-*governmental and proprietary*- use different accounting approaches.

Governmental Funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jackson County maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Health Department, the Revenue Sharing Reserve Funds, and the Child Care Fund, each of which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages 16-31 of this report.

Proprietary funds. Jackson County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Jackson County uses seven enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Jackson County's various functions. Jackson County uses internal service funds to account for its self-funded managed care, workers' compensation insurances, land use planning, geographic information system and city/county telephone system. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Resource Recovery Facility, Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered major funds of Jackson County. Data from the other four enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Jackson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-79 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Jackson County's progress in funding its obligation to provide pension benefits to its employees

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 82-152 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2005. The schedule shows the County's assets exceeded liabilities by \$68.5 million.

Jackson County's Net Assets

	Governmental activities		Business-type activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$43,233,287	\$44,286,258	\$21,382,769	\$21,367,512	\$64,616,056	\$65,653,770
Capital assets	28,704,438	29,102,113	35,507,343	36,477,629	64,211,781	65,579,742
Total assets	<u>71,937,725</u>	<u>73,388,371</u>	<u>56,890,112</u>	<u>57,845,141</u>	<u>128,827,837</u>	<u>131,233,512</u>
Long-term liabilities outstanding	13,832,721	14,308,959	25,522,329	27,319,498	41,320,050	41,628,457
Other liabilities	13,968,315	19,202,998	6,931,108	6,935,508	18,934,423	26,138,506
Total liabilities	<u>27,801,036</u>	<u>33,511,957</u>	<u>32,453,437</u>	<u>34,255,006</u>	<u>60,254,473</u>	<u>67,766,963</u>
Net assets:						
Invested in capital assets, net of related debt	15,904,438	16,852,113	8,331,629	7,577,629	24,236,067	24,429,742
Restricted	1,598,012	2,072,383	-	-	1,598,012	2,072,383
Unrestricted	<u>26,634,239</u>	<u>20,951,918</u>	<u>16,105,046</u>	<u>16,012,506</u>	<u>42,739,285</u>	<u>36,964,424</u>
Total net assets	<u>\$44,136,689</u>	<u>\$39,876,414</u>	<u>\$24,436,675</u>	<u>\$23,590,135</u>	<u>\$68,573,364</u>	<u>\$63,466,549</u>

Jackson County has a net investment of \$24.2 million in capital assets. This represents 35 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Jackson County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Jackson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Jackson County's net assets \$1.6 million (2 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$42.7 million are the largest portion (63 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Jackson County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Jackson County's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue:						
Program revenue:						
Charges for services	\$ 9,725,485	\$ 9,386,330	\$ 24,809,733	\$ 24,171,355	\$ 34,535,218	\$ 33,557,685
Operating grants and contributions	19,999,106	17,821,584	1,132,540	449,893	21,131,646	18,271,477
General revenues:						
Property taxes	28,674,384	26,781,837	-	-	28,674,384	26,781,837
Other	2,280,865	3,752,261	-	-	2,280,865	3,752,261
Total revenue	60,679,840	57,742,012	25,942,273	24,621,248	86,622,113	82,363,260
Expenses						
Legislative	214,972	212,660	-	-	214,972	212,660
Judicial	10,667,903	10,708,216	-	-	10,667,903	10,708,216
Elections	77,070	168,469	-	-	77,070	168,469
General government	11,032,854	10,107,058	-	-	11,032,854	10,107,058
Public safety	15,373,560	14,785,492	-	-	15,373,560	14,785,492
Health & Welfare	9,640,700	5,723,355	-	-	9,640,700	5,723,355
Recreation and Culture	1,691,953	1,607,037	-	-	1,691,953	1,607,037
Community Development	400,830	112,618	-	-	400,830	112,618
Other Government Activities	8,397,185	11,113,978	-	-	8,397,185	11,113,976
Debt service-interest	536,869	544,615	-	-	536,869	544,616
Delinquent tax revolving	-	-	465,438	584,691	465,438	584,691
Foreclosure tax	-	-	107,519	80,434	107,519	80,434
Medical Care Facility	-	-	12,982,116	12,478,689	12,982,116	12,478,688
Fair	-	-	1,374,525	1,582,177	1,374,525	1,582,177
Resource Recovery	-	-	8,094,120	7,422,625	8,094,120	7,422,625
Soil erosion	-	-	83,665	35,528	83,665	35,528
Public works	-	-	394,249	98,706	394,249	98,706
Total expenses	58,033,896	55,083,498	23,501,632	22,282,850	81,535,528	77,366,346
Increase (decrease) in net assets before transfers	2,645,944	2,658,514	2,440,641	2,338,398	5,086,585	4,996,914
Transfers	1,614,331	2,873,036	(1,594,101)	(2,924,513)	20,230	(51,477)
Increase (decrease) in net assets	4,260,275	5,531,550	846,540	(586,115)	5,106,815	4,945,437
Net assets - beginning of year	39,876,414	34,344,864	23,590,135	24,176,250	63,466,549	58,521,114
Adjustments	-	-	-	-	-	-
Net assets - end of year	\$ 44,136,689	\$ 39,876,414	\$ 24,436,675	\$ 23,590,135	\$ 68,573,364	\$ 63,466,551

Governmental activities increased Jackson County's net assets by approximately \$4.3 million. Key elements of the changes are as follows:

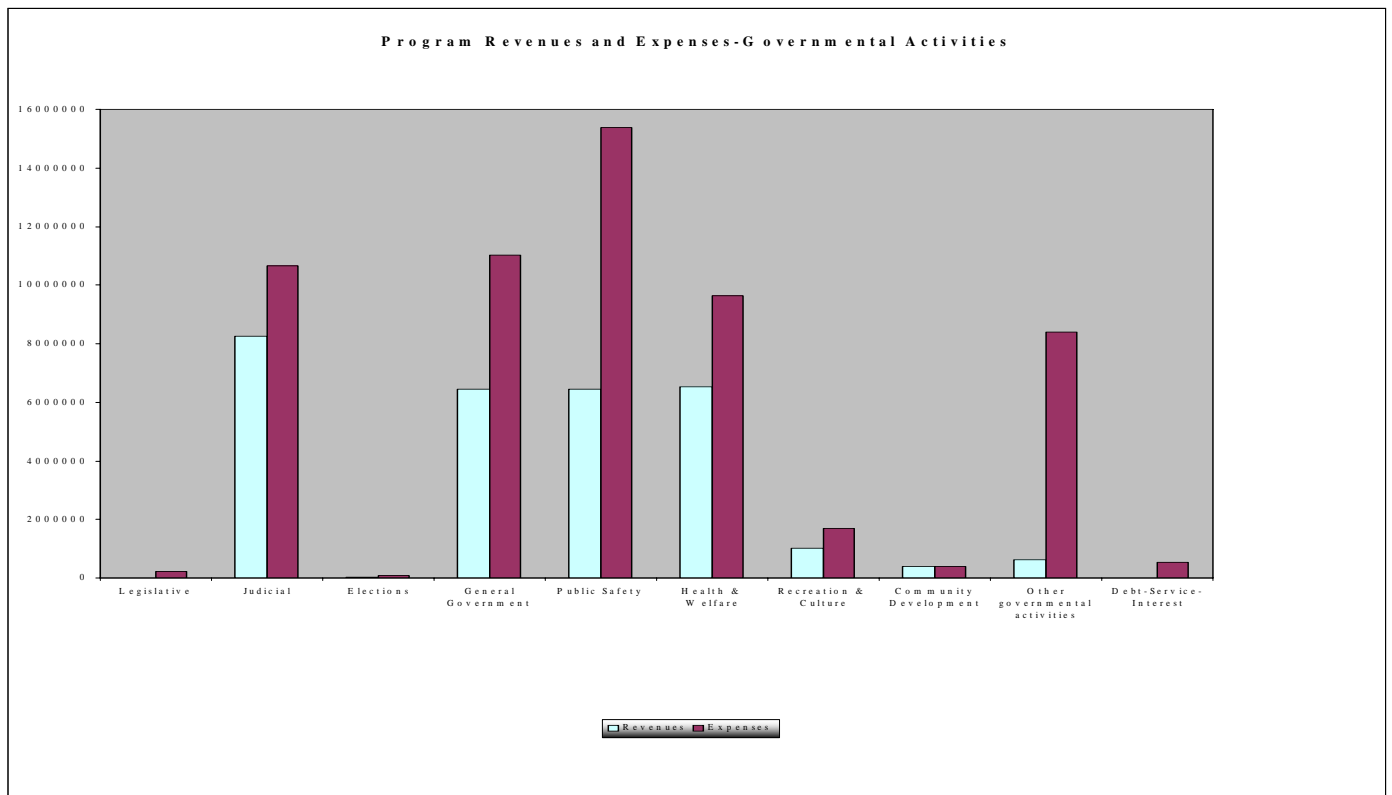
- Operating grants and contributions showed an increase of \$2,177,522 primarily due to a homeland security grant in the amount of just over \$1million.

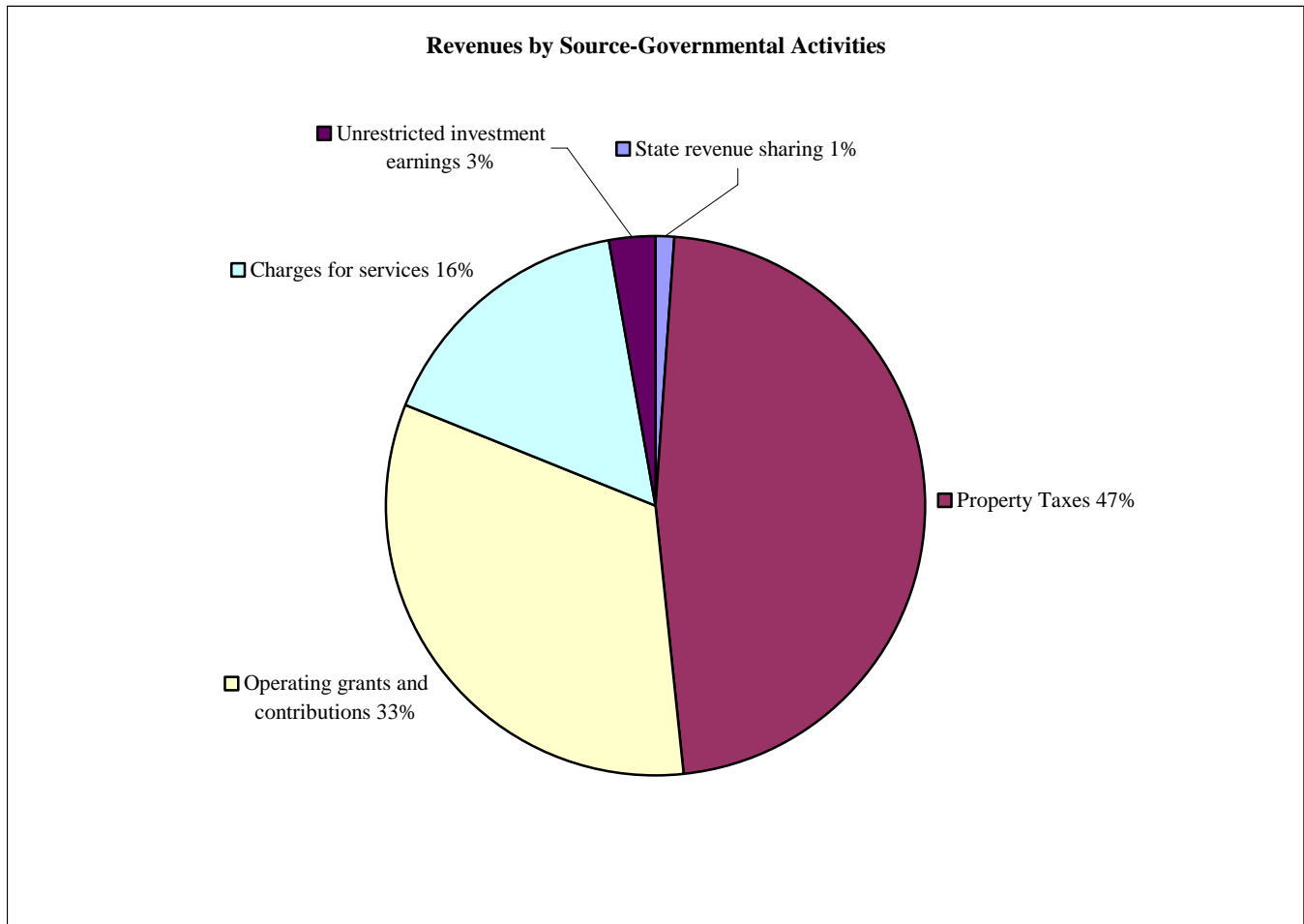
- Property taxes increased by approximately \$2 million during the year. Approximately \$900,000 was attributed to the “Senior” millage collections in 2005. The balance of the increase is the product of increased taxable values and residential growth.
- Other revenue is down because of Revenue Sharing having been postponed as a result of the Public Act 357 of 2004. State shared revenue decreased \$1,620,346 from the previous year.
- Net transfers-in from the “business” activities decreased by \$1,258,705. This decrease is primarily attributed to the near completion of the Human Services Building for which most of the cost was funded by the delinquent tax fund in the prior fiscal year.

Business-type activities of Jackson County increased the net assets by \$0.8 million. Key elements of the current year increase are as follows:

- The Resource Recovery had a net increase in charges for services of approximately \$401,000 which was comprised mostly of a gain in steam & electric sales of \$600,000 and a decrease in tipping fees of \$97,000. Additionally, an increase in building and equipment maintenance costs of \$574,000 accounted for most of the increase in operating costs from the prior year which was \$667,232.
- The Delinquent Tax Fund had an increase of service revenue of \$359,934 and a decrease in operating expense from the prior year of \$ 119,253. Additionally, the sale of the Kresge Building in the amount of \$358,481 was recorded in this fund.
- The Medical Care Facility had a slight decrease in service revenue and a corresponding rise in expenses of over \$500,000.

Transfers- net transfers of \$1.6 million from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.





Financial Analysis of the Government's Funds

As noted earlier Jackson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Jackson County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Jackson County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$27.2 million, an increase of \$4.3 million in comparison with the prior year. Most of this total amount (more than \$26.2 million) constitutes *unreserved fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory (\$168,499), and 2) loaned to other funds or component units (\$827,500).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$5.3 million, while total fund balance approached \$6.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13.2 percent of total general fund expenditures and transfers, while total fund balance represents 15.3 percent of that same amount.

The fund balance of Jackson County's general fund increased by \$788,629 during the fiscal year. This is primarily attributed to increases in growth in property taxes and transfers in from other funds and offsetting decreases in other revenues, namely interest, fines and forfeits, charges for services, and revenue sharing. A transfer in from the Senior millage fund of \$608,974 was used to balance the increased level of services provided by the department on aging.

The health department's fund balance decrease of \$260,483 was attributed to a transfer to the delinquent tax fund for their pro rata share (final payment) of the Human Services Building renovation in the amount of \$128,040. Additionally, a deferred rent charge associated with the Northlawn building was written off. The amount of the write-off was \$217,598.

The revenue sharing reserve fund had a total fund balance \$7,983,992. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Three annual payments, each equal to 1/3 of the annual property tax levy (2004) has and will be transferred in accordance with state statute. Beginning in late 2004 and continuing until the fund balance is exhausted, the County will be able to draw monies from this fund equal to fiscal 2004 state revenue sharing payments adjusted for inflation. The amount of the transfer for 2005 was \$3,000,000.

The child care fund is a cost sharing arrangement with the State of Michigan that generally reimburses the county for 50% of all approved expenditures. Some costs are fully reimbursable and some are not reimbursable. The Child Care Fund improved its financial position by \$246,990 during 2005. The total fund balance at the end of the year is \$433,256.

Proprietary funds. Jackson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets (deficit) of the delinquent tax, resource recovery, and medical care facility funds were, \$14,617,148, (\$805,096), and \$1,768,664 respectively. The delinquent tax fund and resource recovery facility fund had increases in net assets of \$172,865 and \$1,040,393 respectively. The medical care facility had a decrease in net assets of \$389,794 for 2005. Other factors concerning the delinquent tax, resource recovery, and medical care facility funds have already been discussed in the discussion of the County's business-type activities.

Internal service funds ended the year with net assets of \$1,816,035, a decrease of \$274,481 from the prior year.

General Fund Budgetary Highlights

General Fund revenue was increased by \$ 954,506 from the original budget to the final budget. This was primarily attributable to an increase in property tax revenue of \$ 450,000 as a result of the 1/3 accelerated tax collection (reserve fund) statute, a decrease in 12 th district court ordinance and fine revenue in the amount of \$514,911, and an increase in of \$400,000 administrative reimbursement from child care fund for indirect costs chargeback.

An increase in original budgeted expenses versus final budgeted expenses amounted to \$1,348,342. A key reason for this change was initiated by an increase in the level of services provided by the Department on Aging as a result of the senior millage passed in late 2004. The increase in department on aging expenditures amounted to \$700,464. Additionally, retiree benefits, termination costs, unemployment, and insurance and bonds, were increased \$176,000, \$150,000, \$50,000, and \$65,000 respectively.

Transfers in were increased by \$608,974; this increase from the original budget was the exact amount transferred in from the senior millage fund.

Overall during the year, actual general fund revenues, including other financing sources, were slightly less than final budget. Actual general fund expenditures, including other financing uses were substantially less than the final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$788,629 which was more than the final amended budget deficit of (\$785,924).

Capital Assets and Debt Administration

Capital assets. Jackson County’s investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$64.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

Major capital asset events during the fiscal year included the following:

- Sale of the Kresge building and Cortland Street parking lot.
- Completion of the old jail remodeling
- Decrease in county vehicles

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$1,158,398	\$1,470,208	\$278,832	\$278,832	\$1,437,230	\$1,749,040
Construction in progress	847,807	2,031,876	-	-	847,807	2,031,876
Buildings	24,030,157	22,716,908	27,412,362	28,042,069	51,442,519	50,758,977
Equipment and vehicles	<u>2,668,076</u>	<u>2,883,121</u>	<u>7,816,149</u>	<u>8,156,728</u>	<u>10,484,225</u>	<u>11,039,849</u>
	<u>\$28,704,438</u>	<u>\$29,102,113</u>	<u>\$35,507,343</u>	<u>\$36,477,629</u>	<u>\$64,211,781</u>	<u>\$65,579,742</u>

Additional information on the Jackson County’s capital assets can be found in note III –C of this report.

Long-term debt. At the end of the 2005 fiscal year, Jackson County had net outstanding debt of \$40.9 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government’s net assets.

Jackson County’s gross outstanding debt increased by \$6.4 million during the fiscal year. The key factors in this increase were Water & Sewer projects of the Board of Public Works.

Jackson County maintains an “A1” rating by Moody’s and an “A+” rating by Standard & Poor’s for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$ 420.9 million, which is significantly in excess of Jackson County’s outstanding general obligation debt.

Additional information on the Jackson County’s long-term debt can be found in note III–G of this report.

JACKSON COUNTY'S Outstanding Debt

	2005			2004		
	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Building Authority	\$28,525,000	-	\$28,525,000	\$28,025,000	-	\$28,025,000
Water & Sewer	42,745,000	42,745,000	-	35,275,000	35,275,000	-
Solid Waste General Obligation	7,350,000	-	7,350,000	8,485,000	-	8,485,000
Solid Waste Revenue	5,035,000	-	5,035,000	5,465,000	-	5,465,000
Compensated Absences	1,492,721	-	1,492,721	2,209,890	-	2,209,890
	<u>\$85,147,721</u>	<u>\$42,745,000</u>	<u>\$42,402,721</u>	<u>\$79,459,890</u>	<u>\$35,275,000</u>	<u>\$44,184,890</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2006 fiscal year:

- The County's commitment for a 2% annual increase in salaries and the ongoing increases in fringe benefit rates attributable to rising personnel costs.
- The economic downturns from previous years and slow recovery of the stock market have affected fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plan. This increased obligation will continue into the near future.
- Unemployment in Jackson County at the end of 2005 stood at 6.52%, which was down from 2004 at 7.31%. This rate continued to be above the State and national averages.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2008. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2009. During the next three years, the County intends to implement budgets in anticipation of the elimination of revenue sharing.
- The County has committed to maintaining a general fund balance that is at least 8-12% of operating expenditures. The Administrator/Controller has suggested a general fund balance of 25% of operating expenditures.

Requests for Information

The financial report is designed to provide a general overview of the Jackson County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the County Administrator/Controller, 120 West Michigan Avenue, Jackson, MI 49201.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 23,020,070	\$ 10,348,371	\$ 33,368,441	\$ 14,282,215
Receivables, net	19,882,822	8,628,024	28,510,846	46,583,490
Internal balances	(179,884)	179,884	-	-
Prepaid items and other assets	510,279	2,226,490	2,736,769	3,051,807
Capital assets not being depreciated	2,006,205	278,832	2,285,037	16,181,262
Capital assets being depreciated, net	26,698,233	35,228,511	61,926,744	56,000,970
Total assets	71,937,725	56,890,112	128,827,837	136,099,744
Liabilities				
Accounts payable and accrued expenses	3,022,534	4,405,093	7,427,627	2,015,822
Unearned revenue	10,485,781	561,015	11,046,796	115,041
Long-term liabilities:				
Due within one year	460,000	1,965,000	2,425,000	2,265,000
Due in more than one year	13,832,721	25,522,329	39,355,050	40,765,511
Total liabilities	27,801,036	32,453,437	60,254,473	45,161,374
Net assets				
Invested in capital assets, net of related debt	15,904,438	8,331,629	24,236,067	72,182,232
Restricted for:				
Debt service	297,507	-	297,507	-
Capital projects	1,171,957	-	1,171,957	-
Endowments - nonexpendable	128,548	-	128,548	-
Unrestricted	26,634,239	16,105,046	42,739,285	18,756,138
Total net assets	\$ 44,136,689	\$ 24,436,675	\$ 68,573,364	\$ 90,938,370

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 214,972	\$ -	\$ -	\$ -	\$ (214,972)
Judicial	10,667,903	3,603,480	4,644,666	-	(2,419,757)
Elections	77,070	-	28,571	-	(48,499)
General government	11,032,854	2,439,066	4,006,998	-	(4,586,790)
Public safety	15,373,560	1,226,579	5,210,122	-	(8,936,859)
Health and welfare	9,640,700	1,014,150	5,523,951	-	(3,102,599)
Recreation and cultural	1,691,953	912,318	98,627	-	(681,008)
Community development	400,830	-	400,830	-	-
Other governmental activities	8,397,185	529,892	85,341	-	(7,781,952)
Interest on long-term debt	536,869	-	-	-	(536,869)
Total governmental activities	<u>58,033,896</u>	<u>9,725,485</u>	<u>19,999,106</u>	<u>-</u>	<u>(28,309,305)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	465,438	1,629,077	584,552	-	1,748,191
Foreclosure tax	107,519	201,356	-	-	93,837
Medical Care Facility	12,982,116	12,474,369	117,953	-	(389,794)
Fair	1,374,525	1,174,506	102,578	-	(97,441)
Resource recovery	8,094,120	9,065,673	68,840	-	1,040,393
Soil erosion	83,665	70,004	2,758	-	(10,903)
Public works projects	394,249	194,748	255,859	-	56,358
Total business-type activities	<u>23,501,632</u>	<u>24,809,733</u>	<u>1,132,540</u>	<u>-</u>	<u>2,440,641</u>
Total primary government	<u>\$ 81,535,528</u>	<u>\$ 34,535,218</u>	<u>\$ 21,131,646</u>	<u>\$ -</u>	<u>(25,868,664)</u>
Component units					
County roads	\$ 16,440,099	\$ 2,468,918	\$ 14,734,221	\$ -	\$ 763,040
Economic development	78,141	3,495	40,243	-	(34,403)
County drains	7,603,102	-	-	3,151,975	(4,451,127)
Brownfield redevelopment	49,508	-	246,596	-	197,088
County board of public works	3,652,118	-	-	9,253,022	5,600,904
Total component units	<u>\$ 27,822,968</u>	<u>\$ 2,472,413</u>	<u>\$ 15,021,060</u>	<u>\$ 12,404,997</u>	<u>\$ 2,075,502</u>

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COUNTY OF JACKSON, MICHIGAN
Statement of Activities (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (28,309,305)	\$ 2,440,641	\$ (25,868,664)	\$ 2,075,502
General revenues:				
Property taxes	28,674,384	-	28,674,384	-
State shared revenue -unrestricted	612,647	-	612,647	-
Unrestricted investment earnings	1,668,218	-	1,668,218	467,764
Transfers - internal activities	1,614,331	(1,594,101)	20,230	-
Total general revenues and transfers	32,569,580	(1,594,101)	30,975,479	467,764
Change in net assets	4,260,275	846,540	5,106,815	2,543,266
Net assets, beginning of year	39,876,414	23,590,135	63,466,549	88,395,104
Net assets, end of year	\$ 44,136,689	\$ 24,436,675	\$ 68,573,364	\$ 90,938,370

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

<u>ASSETS</u>	<u>General</u>	<u>Health Department</u>	<u>Revenue Sharing Reserve</u>	<u>Child Care</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Pooled cash and cash equivalents	\$ 4,926,108	\$ 2,050,157	\$ 1,930,465	\$ 335,695	\$ 11,075,366	\$ 20,317,791
Cash and cash equivalents	14,943	1,750	-	900	240,299	257,892
Receivables:						
Accounts	548,864	215,372	-	12,000	25,987	802,223
Taxes	12,899,597	-	-	-	3,333,218	16,232,815
Accrued interest	580,023	-	-	-	-	580,023
Due from other funds	-	-	6,053,527	-	-	6,053,527
Due from other governmental units	415,146	-	-	185,259	1,324,963	1,925,368
Advances to component units	327,500	-	-	-	-	327,500
Advances to other funds	500,000	-	-	-	-	500,000
Inventory	-	-	-	-	108,012	108,012
Prepaid items	60,487	-	-	-	-	60,487
<u>TOTAL ASSETS</u>	<u>\$ 20,272,668</u>	<u>\$ 2,267,279</u>	<u>\$ 7,983,992</u>	<u>\$ 533,854</u>	<u>\$ 16,107,845</u>	<u>\$ 47,165,638</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

<u>LIABILITIES</u> <u>AND FUND BALANCES</u>	General	Health Department	Revenue Sharing Reserve	Child Care	Other Governmental Funds	Total
LIABILITIES						
Accounts payable	\$ 576,075	\$ 63,436	\$ -	\$ 63,609	\$ 564,529	\$ 1,267,649
Accrued payroll	303,489	92,841	-	35,646	87,352	519,328
Accrued interest payable	-	-	-	-	6,786	6,786
Due to other governmental units	-	-	-	-	118,492	118,492
Due to other funds	6,053,527	128,040	-	-	-	6,181,567
Advances from other funds	-	-	-	-	500,000	500,000
Deferred revenue	6,981,153	4,400	-	1,343	4,298,885	11,285,781
Total liabilities	13,914,244	288,717	-	100,598	5,576,044	19,879,603
FUND BALANCES						
Reserved						
Inventory and prepaid items	60,487	-	-	-	108,012	168,499
Advances	827,500	-	-	-	-	827,500
Unreserved:						
Designated for future expenditures	200,000	263,289	-	-	-	463,289
Undesignated	5,270,437	1,715,273	7,983,992	433,256	-	15,402,958
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	8,825,777	8,825,777
Debt service funds	-	-	-	-	297,507	297,507
Capital projects funds	-	-	-	-	1,171,957	1,171,957
Permanent funds	-	-	-	-	128,548	128,548
Total fund balances	6,358,424	1,978,562	7,983,992	433,256	10,531,801	27,286,035
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 20,272,668</u>	<u>\$ 2,267,279</u>	<u>\$ 7,983,992</u>	<u>\$ 533,854</u>	<u>\$ 16,107,845</u>	<u>\$ 47,165,638</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2005

Fund balances - total governmental funds	\$27,286,035
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets	47,331,477
Subtract: accumulated depreciation	(18,627,039)

Other long-term assets are not available to pay for current-period expenditures and therefore not included in the funds.

Add: long term receivable included in deferred revenues	800,000
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	1,816,035
--	-----------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(12,800,000)
Subtract: compensated absences	(1,492,721)
Subtract: accrued interest on long-term liabilities	(177,098)

Net assets of governmental activities	<u>\$44,136,689</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Health Department	Revenue Sharing Reserve	Child Care	Other Governmental Funds	Total
REVENUE						
Taxes	\$ 19,398,287	\$ -	\$ 6,053,527	\$ -	\$ 3,222,570	\$ 28,674,384
Licenses and permits	140,166	415,140	-	-	13,099	568,405
Intergovernmental	6,181,855	2,005,164	-	2,269,027	6,135,412	16,591,458
Charges for services	6,573,634	506,011	-	43,707	1,524,342	8,647,694
Fines and forfeits	906,658	-	-	-	271,369	1,178,027
Interest and rents	1,470,154	-	51,888	-	488,846	2,010,888
Donations	-	-	-	-	86,665	86,665
Other revenue	1,382,861	262,862	-	128,131	1,073,485	2,847,339
Total revenue	36,053,615	3,189,177	6,105,415	2,440,865	12,815,788	60,604,860
EXPENDITURES						
Current:						
Legislative	214,972	-	-	-	-	214,972
Judicial	5,820,832	-	-	1,651,350	3,166,439	10,638,621
Elections	101,107	-	-	-	-	101,107
General government	9,811,231	-	-	-	-	9,811,231
Public safety	11,869,900	-	-	2,719,332	101,710	14,690,942
Health and welfare	2,868,936	4,016,684	-	1,549,723	1,183,324	9,618,667
Recreation and cultural	-	-	-	-	1,661,674	1,661,674
Community development					400,830	400,830
Other functions	5,326,414	-	-	-	2,296,196	7,622,610
Debt service:						
Principal	-	-	-	-	275,000	275,000
Interest	-	-	-	-	539,369	539,369
Capital outlay	-	63,459	-	-	2,425,026	2,488,485
Total expenditures	36,013,392	4,080,143	-	5,920,405	12,049,568	58,063,508
Revenue over (under) expenditures	40,223	(890,966)	6,105,415	(3,479,540)	766,220	2,541,352
OTHER FINANCING SOURCES (USES)						
Transfers in	6,226,447	758,523	-	3,726,530	3,296,813	14,008,313
Transfers (out)	(5,478,041)	(128,040)	(3,000,000)	-	(3,611,110)	(12,217,191)
Total other financing sources (uses)	748,406	630,483	(3,000,000)	3,726,530	(314,297)	1,791,122
Net change in fund balances	788,629	(260,483)	3,105,415	246,990	451,923	4,332,474
FUND BALANCES, Beginning of year	5,569,795	2,239,045	4,878,577	186,266	10,079,878	22,953,561
FUND BALANCES, End of year	\$ 6,358,424	\$ 1,978,562	\$ 7,983,992	\$ 433,256	\$ 10,531,801	\$ 27,286,035

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds	\$ 4,332,474
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as

Add: capital outlay	2,508,868
Subtract: depreciation expense	(2,278,165)
Subtract: capital asset retirements	(417,159)

Add net effect of principal recognized as revenue at the fund level for long-term receivable collection	(25,000)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Add: principal payments on long-term liabilities	275,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: prior year accrued interest on bonds	179,598
Subtract: current year accrued interest on bonds	(177,098)
Add: decrease in the accrual of compensated absences	136,238

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add: interest revenue from governmental internal service funds	74,980
Subtract: net operating loss from governmental activities accounted for in internal service funds	(172,670)
Subtract: internal activities (transfers) accounted for in internal service funds	(176,791)

Change in net assets of governmental activities	<u><u>\$ 4,260,275</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes	\$ 18,698,582	\$ 19,168,582	\$ 19,398,287	\$ 229,705
Licenses and permits	110,500	123,500	140,166	16,666
Intergovernmental	5,870,408	6,169,301	6,181,855	12,554
Charges for services	6,768,908	6,551,312	6,573,634	22,322
Fines and forfeits	1,122,850	935,579	906,658	(28,921)
Interest and rentals	1,472,268	1,473,188	1,470,154	(3,034)
Other revenue	857,436	1,433,996	1,382,861	(51,135)
Total revenue	34,900,952	35,855,458	36,053,615	198,157
EXPENDITURES				
Current:				
Legislative	217,301	217,301	214,972	2,329
Judicial	5,955,493	5,943,934	5,820,832	123,102
Elections	69,974	105,501	101,107	4,394
General government	10,608,818	10,469,095	9,811,231	657,864
Public safety	12,148,543	12,177,777	11,869,900	307,877
Health and welfare	2,215,894	2,958,358	2,868,936	89,422
Other functions	5,077,576	5,769,975	5,326,414	443,561
Total expenditures	36,293,599	37,641,941	36,013,392	1,628,549
Revenue over (under) expenditures	(1,392,647)	(1,786,483)	40,223	1,826,706
OTHER FINANCING SOURCES (USES):				
Transfers in	5,841,435	6,450,409	6,226,447	(223,962)
Transfers (out)	(5,234,762)	(5,449,850)	(5,478,041)	(28,191)
Total other financing (uses)	606,673	1,000,559	748,406	(252,153)
Net change in fund balances	(785,974)	(785,924)	788,629	1,574,553
FUND BALANCE, Beginning of year	5,569,795	5,569,795	5,569,795	-
FUND BALANCE, End of year	\$ 4,783,821	\$ 4,783,871	\$ 6,358,424	\$ 1,574,553

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes:				
Current real property taxes	\$ 18,198,582	\$ 18,648,582	\$ 18,881,989	\$ 233,407
Delinquent Personal Property Taxes	150,000	150,000	124,357	(25,643)
Industrial/Commercial Facilities Tax	270,000	290,000	314,409	24,409
Trailer tax	20,000	20,000	23,424	3,424
Payment in lieu of taxes	60,000	60,000	54,108	(5,892)
Total Taxes	18,698,582	19,168,582	19,398,287	229,705
Licenses and Permits:				
Dog licenses	91,000	94,000	103,518	9,518
Marriage Licenses	6,500	6,500	5,775	(725)
Gun Permits	13,000	23,000	30,873	7,873
Total Licenses and Permits	110,500	123,500	140,166	16,666
Intergovernmental:				
Cigarette Tax	25,938	25,938	29,126	3,188
Liquor Tax	554,330	554,330	574,264	19,934
Liquor License	10,000	10,000	9,257	(743)
State court funding distribution	1,085,300	1,085,300	1,182,897	97,597
Child abuse and neglect	22,000	22,000	29,757	7,757
Crime Victim's Rights	100,500	101,500	101,652	152
Remonumentation	95,000	203,609	167,828	(35,781)
Judges Supplement	590,027	635,111	638,518	3,407
Road Patrol	267,078	267,078	260,333	(6,745)
Marine Safety	53,146	53,146	47,083	(6,063)
Community Corrections Board	519,688	519,688	402,053	(117,635)
Senior Citizens Programs	260,153	279,853	291,873	12,020
Senior Citizens - Home Delivered Meals	377,970	377,970	362,465	(15,505)
Senior Citizens - Congregate Meals	185,667	185,667	162,838	(22,829)
Medicaid Waiver	177,400	249,400	263,040	13,640
Circuit Court Reimbursement	18,000	18,000	5,653	(12,347)
District Court Reimbursement	140,000	140,000	149,434	9,434
Parole Violators - County Jail	90,000	90,000	147,455	57,455
Diverted Felons - County Jail	75,000	75,000	94,308	19,308

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Continued)				
Intergovernmental: (Concluded)				
Cooperative Reimbursement -				
Prosecuting Attorney	\$ 178,276	\$ 178,276	\$ 228,730	\$ 50,454
LAWNET Narcotics	51,500	51,500	57,605	6,105
Emergency Management	42,000	42,000	34,606	(7,394)
CDBG	9,000	7,900	7,900	-
Jackson County Abstinence Program	157,385	157,385	158,275	890
Grandparents Initiative	70,480	70,480	69,663	(817)
Computer Services	5,000	8,600	-	(8,600)
Police Service Contracts	470,520	470,520	458,731	(11,789)
Non Profit Organizations - Sheriff	95,520	95,520	99,500	3,980
Emergency Dispatch	71,267	71,267	80,467	9,200
Gun Grant	-	50,000	32,171	(17,829)
Other Grants	72,263	72,263	34,373	(37,890)
Total Intergovernmental Revenue	<u>5,870,408</u>	<u>6,169,301</u>	<u>6,181,855</u>	<u>12,554</u>
Charges for Services:				
12th District Court Costs	2,350,000	2,042,317	1,975,049	(67,268)
12th District Court - Other	1,514,409	1,509,496	1,524,535	15,039
Prosecuting Attorney	1,500	1,500	260	(1,240)
Probate Court	118,500	118,500	135,240	16,740
County Guardian	121,253	121,253	127,489	6,236
County Clerk - Court Costs	225,000	225,000	230,382	5,382
County Clerk - Other	312,100	312,100	308,395	(3,705)
Printing	124,000	124,000	109,991	(14,009)
Equalization Dept. - Tax Roll Prep,				
Map Project	23,000	58,000	23,342	(34,658)
Register of Deeds - Real Estate				
Transfer Tax	485,000	515,000	589,954	74,954
Register of Deeds - Recording Charges	879,700	885,700	916,766	31,066
Treasurer	9,896	9,896	11,471	1,575
Sheriff's Department	66,000	66,000	59,625	(6,375)
County Jail	463,500	463,500	453,775	(9,725)
Community Corrections Fees	7,000	7,000	7,358	358
Animal Shelter	31,550	45,550	50,710	5,160
Medical Examiner	36,500	46,500	49,292	2,792
Total Charges for Services	<u>6,768,908</u>	<u>6,551,312</u>	<u>6,573,634</u>	<u>22,322</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Concluded)				
Fines and Forfeitures:				
Ordinance Fines	\$ 1,121,000	\$ 918,685	\$ 890,587	\$ (28,098)
Bonds Forfeited	1,850	16,894	16,071	(823)
Total Fines and Forfeitures	1,122,850	935,579	906,658	(28,921)
Interest and Rentals:				
Interest	1,300,000	1,300,000	1,309,153	9,153
Rentals - General	172,268	173,188	161,001	(12,187)
Total Interest and Rentals	1,472,268	1,473,188	1,470,154	(3,034)
Other Revenue:				
Administrative Reimbursements	81,400	496,400	510,377	13,977
Reimbursements - Insurance	1,000	1,000	5,802	4,802
Reimbursements - Election	2,700	38,227	28,506	(9,721)
Reimbursements - Fleet Management	174,500	174,500	146,131	(28,369)
Reimbursements - Prosecuting Attorney	17,000	17,000	6,777	(10,223)
Reimbursements - Katrina	-	-	10,639	10,639
Donations - Senior Programs	2,300	2,570	4,050	1,480
Donations - Senior Home Delivered Meals	102,000	105,900	115,292	9,392
Donations - Seniors Congregate Meals	70,000	70,000	70,344	344
Sale of Property	207,000	207,000	204,014	(2,986)
Other - Animal Shelter	1,500	3,500	3,625	125
Other - Clerk	10,000	10,000	16,001	6,001
Other - Treasurer	6,690	36,690	51,235	14,545
Other - Sheriff	33,950	93,950	85,359	(8,591)
Other - Senior Programs	46,750	77,950	86,897	8,947
Other - Senior Home Delivered Meals	13,000	7,000	11,573	4,573
Other - Senior Congregate Meals	6,500	6,500	7,903	1,403
Other - Other	81,146	85,809	18,336	(67,473)
Total Other Revenue	857,436	1,433,996	1,382,861	(51,135)
Total Revenue	34,900,952	35,855,458	36,053,615	198,157

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES				
Legislative -				
Board of Commissioners	\$ 217,301	\$ 217,301	\$ 214,972	\$ 2,329
Judicial:				
Circuit Court	2,047,093	2,091,370	2,086,490	4,880
Jury Commission	206,914	206,914	178,491	28,423
12th District Court	3,497,479	3,441,643	3,356,482	85,161
County Guardian	183,812	183,812	180,927	2,885
Adult Probation - Circuit Court	20,195	20,195	18,442	1,753
Total Judicial	5,955,493	5,943,934	5,820,832	123,102
Elections -				
Public Elections	69,974	105,501	101,107	4,394
General Government:				
County Administrator	301,565	311,565	307,922	3,643
County Clerk	895,829	885,829	865,668	20,161
County Controller	283,004	280,004	278,935	1,069
Printing	119,131	119,131	113,156	5,975
Equalization	527,574	522,574	481,783	40,791
Personnel	384,347	361,347	353,077	8,270
Prosecuting Attorney	1,714,805	1,683,502	1,643,548	39,954
Prosecuting Attorney - Social Services	242,689	242,689	241,105	1,584
Prosecuting Attorney - Victim/Witness Program	185,338	235,338	217,120	18,218
Public Defender	1,294,500	1,294,500	1,358,286	(63,786)
Register of Deeds	313,702	308,702	272,859	35,843
Remonumentation	95,000	203,609	167,150	36,459
County Treasurer	141,425	129,175	127,018	2,157
Co-Operative Extension	365,289	350,289	285,378	64,911
Information Technology	756,073	741,073	717,334	23,739
Courthouse & Grounds	752,070	617,070	446,199	170,871
Northlawn Building	257,926	234,926	140,127	94,799
Tower Building	683,149	740,649	727,204	13,445
Woolworth Building	80,469	48,640	43,254	5,386
Human Services Building	473,290	463,290	405,710	57,580
Maintenance Garage	500,003	458,003	430,008	27,995
Kresge Building	16,964	26,964	16,695	10,269
Drain Commissioner	210,026	190,026	158,434	31,592
Tutor	-	5,550	3,761	1,789
Airport Maintenance	14,650	14,650	9,500	5,150
Total General Government	10,608,818	10,469,095	9,811,231	657,864

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Continued)				
Public Safety:				
District Court Intense Probation	\$ 163,296	\$ 163,296	\$ 160,628	\$ 2,668
County Sheriff	3,749,663	3,774,209	3,747,331	26,878
Road Patrol	274,111	274,111	259,833	14,278
Comprehensive Traffic Safety Program	152,284	151,034	140,585	10,449
LAWNET Narcotics Grant	199,490	199,490	194,820	4,670
Marine Law Enforcement	88,990	90,040	81,526	8,514
Truancy grant	148,341	145,841	143,430	2,411
911 Communications Center	1,312,141	1,286,446	1,226,256	60,190
County Jail	2,383,815	2,415,868	2,408,599	7,269
Chanton Road Jail	2,664,388	2,674,733	2,647,817	26,916
Community Corrections Board	570,773	570,773	456,526	114,247
Animal Shelter	441,251	431,936	402,549	29,387
Total Public Safety	12,148,543	12,177,777	11,869,900	307,877
Health and Welfare:				
Medical Examiners	238,341	280,341	279,832	509
Jackson County Abstinence Program	166,724	166,724	161,381	5,343
Senior Citizens Program	566,287	1,016,731	972,551	44,180
Home Delivery Meals - Seniors	647,333	862,135	856,678	5,457
Congregate Meals - Seniors	326,671	355,489	328,739	26,750
Grandparents Initiative	129,129	135,529	134,680	849
Veteran's Burial Claims	40,500	40,500	37,816	2,684
Veteran's Affairs Office	100,909	100,909	97,259	3,650
Total Health and Welfare	2,215,894	2,958,358	2,868,936	89,422
Other:				
Appropriations:				
General Government:				
Regional Planning	55,340	55,340	55,340	-
Soil Conservation	20,000	20,000	20,000	-
Total General Government Appropriations	75,340	75,340	75,340	-

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Concluded)				
Other: (Concluded)				
Public Safety:				
Emergency Measures	\$ 158,022	\$ 157,922	\$ 133,524	\$ 24,398
Jackson Traffic Safety Program	195,000	162,000	161,108	892
Total Public Safety Appropriations	353,022	319,922	294,632	25,290
Public Works -				
Transportation System	75,000	75,000	75,000	-
Health & Welfare:				
Retired Senior Citizen Volunteer Program	15,000	15,000	15,000	-
Region II Aging Commission	11,814	26,814	26,814	-
Substance Abuse - Liquor Tax	276,928	286,928	287,132	(204)
Jackson Alliance for Business Development	80,000	80,000	80,000	-
Transfer to Other Governmental Units - LifeWays	70,779	70,779	70,779	-
Total Health and Welfare	454,521	479,521	479,725	(204)
Total Appropriations	957,883	949,783	924,697	25,086
Other:				
Retirees Benefit	2,090,669	2,266,669	2,255,450	11,219
Accrued Sick and Vacation Payoff	50,000	150,000	175,205	(25,205)
Unemployment	-	50,000	49,844	156
Professional Services	136,250	151,250	158,147	(6,897)
Insurance and Bonds	684,000	749,000	735,645	13,355
Contingency	150,000	403,499	-	403,499
Retiree Health	827,401	827,401	827,401	-
Miscellaneous	181,373	222,373	200,025	22,348
Subtotal - Other	4,119,693	4,820,192	4,401,717	418,475
Total Other	5,077,576	5,769,975	5,326,414	443,561
Total Expenditures	36,293,599	37,641,941	36,013,392	1,628,549
Revenue Over (Under) Expenditures	(1,392,647)	(1,786,483)	40,223	1,826,706

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In:				
General Government:				
Personal Property/Admin. Fund	\$ 13,727	\$ 13,727	\$ 13,727	\$ -
Other:				
JNET	51,258	51,258	51,258	-
Jail Millage	1,160,900	1,160,900	1,160,900	-
Delinquent Tax Revolving	929,657	929,657	929,657	-
Budget stabilization	223,962	223,962	-	(223,962)
Revenue sharing reserve	3,000,000	3,000,000	3,000,000	-
Michigan justice training	45,000	45,000	45,000	-
Department on aging	-	608,974	608,974	-
Worker's Compensation	64,769	64,769	64,769	-
Sheriff Equipment	238,275	238,275	238,275	-
County Fair	1,865	1,865	1,865	-
Health Insurance	112,022	112,022	112,022	-
Total Transfers In	5,841,435	6,450,409	6,226,447	(223,962)
Transfers Out:				
Judicial:				
Law Library	3,500	3,500	3,500	-
Friend of the Court	131,895	114,040	114,040	-
Child Care Welfare	540,000	540,000	540,000	-
Justice Center	100,000	104,000	132,334	(28,334)
Health and Welfare:				
Health Department	749,668	749,668	749,668	-
Youth Home	2,986,530	3,186,530	3,186,530	-
Social Services	29,000	29,000	29,000	-
Parks	606,981	607,124	606,981	143
Other:				
Airport	78,333	78,333	78,333	-
Equipment	-	28,800	28,800	-
Jackson Traffic Safety Program	8,855	8,855	8,855	-
Total Transfers Out	5,234,762	5,449,850	5,478,041	(28,191)
Total Other Financing Sources (Uses)	606,673	1,000,559	748,406	(252,153)
Net change in fund balances	(785,974)	(785,924)	788,629	1,574,553
FUND BALANCE, Beginning of year	5,569,795	5,569,795	5,569,795	-
FUND BALANCE, End of year	\$ 4,783,821	\$ 4,783,871	\$ 6,358,424	\$ 1,574,553

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Licenses and permits	\$ 417,889	\$ 417,889	\$ 415,140	\$ (2,749)
Intergovernmental	1,635,913	2,013,495	2,005,164	(8,331)
Charges for services	456,386	461,207	506,011	44,804
Reimbursements and miscellaneous	179,466	239,192	262,862	23,670
Total revenue	2,689,654	3,131,783	3,189,177	57,394
EXPENDITURES				
Health and welfare (see detail in Combining and Individual Fund Financial Statements and Schedules)	3,559,124	3,999,569	4,016,684	(17,115)
Capital outlay	66,050	77,300	63,459	13,841
Total expenditures	3,625,174	4,076,869	4,080,143	(3,274)
Revenue over (under) expenditures	(935,520)	(945,086)	(890,966)	54,120
OTHER FINANCING SOURCES				
Transfer in	683,477	763,143	758,523	(4,620)
Transfer (out)	-	-	(128,040)	(128,040)
Total other financing sources	683,477	763,143	630,483	(132,660)
Net change in fund balances	(252,043)	(181,943)	(260,483)	(78,540)
FUND BALANCE, Beginning of year	2,239,045	2,239,045	2,239,045	-
FUND BALANCE, End of year	<u>\$ 1,987,002</u>	<u>\$ 2,057,102</u>	<u>\$ 1,978,562</u>	<u>\$ (78,540)</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
REVENUE SHARING RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property tax revenue	\$ -	\$ 6,053,527	\$ 6,053,527	\$ -
Interest revenue	-	-	51,888	51,888
Total revenue	-	6,053,527	6,105,415	51,888
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(3,000,000)	(3,000,000)	-
Net change in fund balances	-	3,053,527	3,105,415	51,888
FUND BALANCE, Beginning of year	4,878,577	4,878,577	4,878,577	-
FUND BALANCE, End of year	\$ 4,878,577	\$ 7,932,104	\$ 7,983,992	\$ 51,888

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
CHILD CARE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Intergovernmental	\$ 1,978,530	\$ 2,408,530	\$ 2,269,027	\$ (139,503)
Charges for services - FIA	-	-	43,707	43,707
Other:				
Rentals - Youth Home	49,350	49,350	126,930	77,580
Other	-	-	1,201	1,201
Total revenue	2,027,880	2,457,880	2,440,865	(17,015)
EXPENDITURES				
Judicial - Probate Court - Child Care	1,827,000	1,827,000	1,651,350	175,650
Public Safety:				
Youth Center:				
General	1,352,625	1,354,625	1,314,263	40,362
Cooks	120,968	120,968	116,786	4,182
Building maintenance	167,792	167,792	167,415	377
Supervision	454,929	454,929	481,482	(26,553)
Administration	239,391	639,391	639,386	5
Total public safety	2,335,705	2,737,705	2,719,332	18,373
Health and Welfare:				
In Home Detention	73,165	73,165	68,443	4,722
Intensive Probation	39,874	39,874	34,950	4,924
Child Care	1,080,000	1,080,000	1,071,415	8,585
JCCP	198,666	426,666	374,915	51,751
Total health and welfare	1,391,705	1,619,705	1,549,723	69,982
Total expenditures	5,554,410	6,184,410	5,920,405	264,005
Revenue over (under) expenditures	(3,526,530)	(3,726,530)	(3,479,540)	246,990
OTHER FINANCING SOURCES				
Transfers in	3,526,530	3,726,530	3,726,530	-
Net change in fund balances	-	-	246,990	246,990
FUND BALANCE, Beginning of year	186,266	186,266	186,266	-
FUND BALANCE, End of year	\$ 186,266	\$ 186,266	\$ 433,256	\$ 246,990

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2005

Enterprise Funds						
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 6,124,052	\$ 221,103	\$ 817,786	\$ 629,571	\$ 7,792,512	\$2,444,387
Cash and cash equivalents	900	200	218,282	424	219,806	-
Receivables:						
Accounts	1,085,000	1,132,159	1,733,573	80,918	4,031,650	14,893
Due from other governments	-	-	-	1,470	1,470	-
Taxes	3,860,819	-	-	-	3,860,819	-
Accrued interest	734,085	-	-	-	734,085	-
Due from other funds	2,835,753	-	-	-	2,835,753	-
Inventory	-	1,116,262	-	-	1,116,262	-
Deferred charges	-	-	-	-	-	56,415
Prepaid items	-	372,911	-	-	372,911	285,365
Total current assets	<u>14,640,609</u>	<u>2,842,635</u>	<u>2,769,641</u>	<u>712,383</u>	<u>20,965,268</u>	<u>2,801,060</u>
Noncurrent assets						
Deferred expenses	-	600,936	136,381	-	737,317	-
Restricted assets -						
Cash and cash equivalents	-	1,971,413	364,640	-	2,336,053	-
Capital assets, net	79,399	16,840,364	17,491,297	1,096,283	35,507,343	-
Total noncurrent assets	<u>79,399</u>	<u>19,412,713</u>	<u>17,992,318</u>	<u>1,096,283</u>	<u>38,580,713</u>	<u>-</u>
Total assets	<u>14,720,008</u>	<u>22,255,348</u>	<u>20,761,959</u>	<u>1,808,666</u>	<u>59,545,981</u>	<u>2,801,060</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2005

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 8,994	\$ 1,591,772	\$ 125,436	\$ 29,005	\$ 1,755,207	\$ 21,402
Estimated claims payable	-	-	-	-	-	911,779
Accrued payroll	3,300	337	248,513	3,449	255,599	-
Performance bonds	-	-	-	45,375	45,375	-
Accrued compensated absences	11,167	134	281,394	18,920	311,615	-
Accrued interest payable	-	89,158	117,599	-	206,757	-
Due to other governmental units	-	-	-	15,263	15,263	-
Due to other funds	-	2,593,429	-	62,440	2,655,869	51,844
Unearned revenue	-	5,250	-	13,601	18,851	-
Deferred capital lease	-	-	542,164	-	542,164	-
Other liabilities	-	-	186,892	-	186,892	-
Current portion of long-term debt	-	1,565,000	405,000	-	1,970,000	-
Estimated closure and post closure monitoring costs - current	-	110,000	-	-	110,000	-
Total current liabilities	<u>23,461</u>	<u>5,955,080</u>	<u>1,906,998</u>	<u>188,053</u>	<u>8,073,592</u>	<u>985,025</u>
Non-current liabilities:						
Estimated closure and post closure monitoring costs	-	1,830,000	-	-	1,830,000	-
General obligation bonds payable	-	10,820,000	14,385,714	-	25,205,714	-
Total non-current liabilities	<u>-</u>	<u>12,650,000</u>	<u>14,385,714</u>	<u>-</u>	<u>27,035,714</u>	<u>-</u>
Total liabilities	<u>23,461</u>	<u>18,605,080</u>	<u>16,292,712</u>	<u>188,053</u>	<u>35,109,306</u>	<u>985,025</u>
Net assets						
Investment in capital assets, net of related debt	79,399	4,455,364	2,700,583	1,096,283	8,331,629	-
Unrestricted (Deficit)	<u>14,617,148</u>	<u>(805,096)</u>	<u>1,768,664</u>	<u>524,330</u>	<u>16,105,046</u>	<u>1,816,035</u>
Total net assets	<u>\$ 14,696,547</u>	<u>\$ 3,650,268</u>	<u>\$ 4,469,247</u>	<u>\$ 1,620,613</u>	<u>\$ 24,436,675</u>	<u>\$ 1,816,035</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUE						
Charges for services - interest on taxes	\$ 55,273	\$ -	\$ -	\$ 194,748	\$ 250,021	\$ -
Charges for services	1,573,804	9,083,818	12,474,369	1,445,866	24,577,857	9,090,018
Other revenue	367,150	-	113,448	187,720	668,318	-
Total operating revenue	1,996,227	9,083,818	12,587,817	1,828,334	25,496,196	9,090,018
OPERATING EXPENSES						
Personnel services	303,334	24,760	6,949,323	369,117	7,646,534	-
Cost of services	27,504	6,479,646	4,709,921	1,020,277	12,237,348	8,559,959
Depreciation	21,899	924,587	544,468	99,344	1,590,298	211,218
Administration and other	109,518	116,803	-	469,365	695,686	491,511
Total operating expenses	462,255	7,545,796	12,203,712	1,958,103	22,169,866	9,262,688
Operating income (loss)	1,533,972	1,538,022	384,105	(129,769)	3,326,330	(172,670)
NON-OPERATING REVENUE (EXPENSES)						
State grants	-	-	-	154,411	154,411	-
Interest income	217,402	50,695	4,505	19,064	291,666	74,980
Interest expense	-	(548,324)	(778,404)	(5,038)	(1,331,766)	-
Total non-operating revenue (expenses)	217,402	(497,629)	(773,899)	168,437	(885,689)	74,980
Net income (loss) before transfers	1,751,374	1,040,393	(389,794)	38,668	2,440,641	(97,690)
TRANSFERS IN (OUT)						
Transfers in	407,106	-	-	-	407,106	-
Transfers (out)	(1,985,615)	-	-	(15,592)	(2,001,207)	(176,791)
Total transfers in (out)	(1,578,509)	-	-	(15,592)	(1,594,101)	(176,791)
Change in net assets	172,865	1,040,393	(389,794)	23,076	846,540	(274,481)
NET ASSETS, Beginning of year	14,523,682	2,609,875	4,859,041	1,597,537	23,590,135	2,090,516
NET ASSETS, End of year	<u>\$ 14,696,547</u>	<u>\$ 3,650,268</u>	<u>\$ 4,469,247</u>	<u>\$ 1,620,613</u>	<u>\$ 24,436,675</u>	<u>\$ 1,816,035</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 1,710,078	\$ 9,034,976	\$ 12,059,155	\$ 1,477,217	\$ 24,281,426	\$ 9,469,574
Other operating receipts	367,150	-	104,883	187,720	659,753	-
Cash paid to employees	(307,874)	(24,689)	(6,838,737)	(371,773)	(7,543,073)	(9,042,720)
Cash paid to suppliers	(28,464)	(6,433,129)	(4,819,713)	(1,503,605)	(12,784,911)	-
Receipts for interfund services provided	-	362,845	-	-	362,845	-
Payments for interfund services used	(590,149)	-	-	(52,027)	(642,176)	-
Net cash provided by (used in) operating activities	1,150,741	2,940,003	505,588	(262,468)	4,333,864	426,854
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	(1,565,000)	(325,000)	-	(1,890,000)	-
Interest payments on long-term debt	-	(548,324)	(752,807)	(5,038)	(1,306,169)	-
Proceeds from bond issuances	-	-	14,000,000	-	14,000,000	-
Bond costs	-	-	(140,117)	-	(140,117)	-
Payment to escrow agent on bond refundings	-	-	(13,859,883)	-	(13,859,883)	-
State grant	-	-	-	154,411	154,411	-
Sale of capital assets	-	237,624	-	-	237,624	-
Purchase of capital assets	(54,565)	(663,554)	(95,469)	(44,047)	(857,635)	-
Net cash provided by (used in) capital and related financing activities	(54,565)	(2,539,254)	(1,173,276)	105,326	(3,661,769)	-
Cash flows from non-capital financing activities						
Transfers from other funds	407,106	-	-	-	407,106	-
Transfers to other funds	(1,985,615)	-	-	(15,592)	(2,001,207)	(176,791)
Net cash provided by (used in) non-capital financing activities	(1,578,509)	-	-	(15,592)	(1,594,101)	(176,791)
Cash flows from investing activities						
Resident trust deposits	-	-	1,031	-	1,031	-
Interest income received	217,402	50,695	4,505	19,064	291,666	74,980
Net cash provided by investing activities	217,402	50,695	5,536	19,064	292,697	74,980
Net increase (decrease) in cash and cash equivalents	(264,931)	451,444	(662,152)	(153,670)	(629,309)	325,043
Cash and cash equivalents, beginning of year	6,389,883	1,741,272	2,062,860	783,665	10,977,680	2,119,344
Cash and cash equivalents, end of year	\$ 6,124,952	\$ 2,192,716	\$ 1,400,708	\$ 629,995	\$ 10,348,371	\$ 2,444,387

Continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 6,124,952	\$ 221,303	\$ 1,036,068	\$ 629,995	\$ 8,012,318	\$ 2,444,387
Restricted assets - Cash and cash equivalents	-	1,971,413	364,640	-	2,336,053	-
Total	\$ 6,124,952	\$ 2,192,716	\$ 1,400,708	\$ 629,995	\$ 10,348,371	\$ 2,444,387
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 1,533,972	\$ 1,538,022	\$ 384,105	\$ (129,769)	\$ 3,326,330	\$ (172,670)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Amortization income - capital lease	-	-	(8,565)	-	(8,565)	-
Amortization expense - bond issue costs	-	-	3,636	-	3,636	-
Depreciation	21,899	924,587	544,468	99,344	1,590,298	211,218
Provision for bad debts	-	-	34,661	-	34,661	-
(Increase) decrease in:						
Accounts receivable	577,200	(246,636)	(502,411)	(57,473)	(229,320)	27,836
Taxes receivable	(496,199)	-	-	-	(496,199)	-
Deferred charges	-	-	-	-	-	(56,415)
Inventory	-	151,179	-	-	151,179	-
Prepaid items	-	46,615	-	14,434	61,049	408,135
Due from other funds	(480,631)	-	-	-	(480,631)	-
Increase (decrease) in:						
Accounts payable	(960)	243,803	(267)	(22,992)	219,584	107,235
Accrued wages and benefits	(4,540)	71	110,586	(2,656)	103,461	-
Accrued expenses and deposits	-	(10,036)	-	-	(10,036)	-
Performance bonds	-	-	-	(14,425)	(14,425)	-
Unearned revenue	-	(250)	(60,625)	(85,700)	(146,575)	-
Estimated closure/monitoring costs	-	(187,000)	-	-	(187,000)	-
Due to other agencies	-	-	-	(63,231)	(63,231)	-
Due to other funds	-	479,648	-	-	479,648	(98,485)
Net cash provided by (used in) operating activities	\$ 1,150,741	\$ 2,940,003	\$ 505,588	\$ (262,468)	\$ 4,333,864	\$ 426,854

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
DECEMBER 31, 2005

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 848,070	\$ 12,582,032
Investments, at fair value		
Money market funds	12,272,163	-
U.S. Government Obligations	9,160,787	-
Domestic corporate bonds	22,882,605	-
Domestic stocks	44,798,736	-
Index stock fund	26,154,253	-
International bonds	1,145,131	-
International stocks	13,904,695	-
International stock index fund	1,339,641	-
Receivables:		
Accounts	631,212	-
Other	489,211	72,410
Prepaid expenses	477,047	-
Capital assets	<u>21,987</u>	<u>-</u>
 Total assets	 <u>134,125,538</u>	 <u>\$ 12,654,442</u>
 Liabilities		
Undistributed receipts and payables	-	12,654,442
Accrued expenses	<u>7,084</u>	<u>-</u>
 Total liabilities	 <u>7,084</u>	 <u>\$ 12,654,442</u>
 Net Assets		
Held in trust for pension benefits and other purposes	 <u>\$ 134,118,454</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employees	\$ 2,062,760
Employer	2,110,032
Other	867,401
Total contributions	<u>5,040,193</u>
Investment earnings:	
Interest and dividends	2,538,844
Net appreciation in fair value of investments	6,650,129
Less investment expenses	(603,053)
Net investment earnings	<u>8,585,920</u>
Total additions	<u>13,626,113</u>
Deductions	
Pension benefit payments	7,513,127
Contribution refunds	275,668
Administrative expenses	233,554
Total deductions	<u>8,022,349</u>
Change in net assets	5,603,764
Net assets, beginning of year	<u>128,514,690</u>
Net assets, end of year	<u><u>\$ 134,118,454</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Totals
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ -	\$ 5,248,329	\$ -	\$ 6,924,282	\$ 12,172,611
Cash and cash equivalents	1,122,612	443,031	123,284	11,888	408,789	2,109,604
Receivables, net	2,618,550	1,069,167	23,128,073	560,440	19,207,260	46,583,490
Prepaid items and other assets	3,051,807	-	-	-	-	3,051,807
Capital assets not being depreciated	16,181,262	-	-	-	-	16,181,262
Capital assets being depreciated, net	51,131,189	-	4,869,781	-	-	56,000,970
Total assets	74,105,420	1,512,198	33,369,467	572,328	26,540,331	136,099,744
LIABILITIES						
Accounts payable and accrued expenses	1,077,063	13,091	635,409	117,500	172,759	2,015,822
Unearned revenue	-	-	115,041	-	-	115,041
Long-term liabilities:						
Due within one year	-	-	1,550,000	-	715,000	2,265,000
Due in more than one year	285,511	-	21,590,000	-	18,890,000	40,765,511
Total liabilities	1,362,574	13,091	23,890,450	117,500	19,777,759	45,161,374
NET ASSETS						
Invested in capital assets, net of related debt	67,312,451	-	4,869,781	-	-	72,182,232
Restricted for construction:	-	-	4,609,236	-	6,762,572	11,371,808
Unrestricted	5,430,395	1,499,107	-	454,828	-	7,384,330
Total net assets	\$72,742,846	\$ 1,499,107	\$ 9,479,017	\$ 454,828	\$ 6,762,572	\$ 90,938,370

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission					
Governmental Activities:					
Public Works	\$ 16,440,099	\$ 2,468,918	\$ 14,704,847	\$ -	\$ 733,666
Economic Development Corporation					
Governmental Activities:					
Other	78,141	3,495	40,243	-	(34,403)
Drain Commission					
Governmental Activities:					
Public Works	6,542,251	-	-	3,151,975	(3,390,276)
Interest on long-term debt	1,060,851	-	-	-	(1,060,851)
Total Drain Commission	7,603,102	-	-	3,151,975	(4,451,127)
Brownfield Redevelopment Authority					
Governmental Activities:					
Public Works	49,508	-	246,596	-	197,088
Board of Public Works					
Governmental Activities:					
Public Works	3,108,164	-	-	9,253,022	6,144,858
Interest on long-term debt	543,954	-	-	-	(543,954)
Total Board of Public Works	3,652,118	-	-	9,253,022	5,600,904
Total component units	\$ 27,822,968	\$ 2,472,413	\$ 14,991,686	\$ 12,404,997	\$ 2,046,128

(continued)

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	Component Units					
	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Total
Change in net assets net (expense) revenue	\$ 733,666	\$ (34,403)	\$ (4,451,127)	\$ 197,088	\$ 5,600,904	\$ 2,046,128
General revenues:						
Interest income	124,679	9,460	225,978	241	107,406	467,764
Property rentals	29,374	-	-	-	-	29,374
Change in net assets	887,719	(24,943)	(4,225,149)	197,329	5,708,310	2,543,266
Net assets, beginning of year, as restated	71,855,127	1,524,050	13,704,166	257,499	1,054,262	88,395,104
Net assets, end of year	<u>\$ 72,742,846</u>	<u>\$ 1,499,107</u>	<u>\$ 9,479,017</u>	<u>\$ 454,828</u>	<u>\$ 6,762,572</u>	<u>\$ 90,938,370</u>

(concluded)

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jackson County, Michigan (the "County" or "government") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Jackson County Building Authority - The Building Authority is governed by a three-member board appointed by the Jackson County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County's public buildings; therefore, it is reported as if it were part of the primary government.

Discretely Presented Component Units

Jackson County Road Commission (the "Road Commission") - The Road Commission maintains local, state and federal trunklines within Jackson County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The three (3) member Board of Road Commissioners are appointed by the County Board of Commissioners. The Road Commission is financially accountable to the County because all general long-term debt issuances, excluding capital lease purchase agreements, require County authorization.

Jackson County Economic Development Corporation (the "EDC") - The County Economic Development Corporation, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a 9-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt without the County's approval and administers a significant amount of Federal economic development grant money which is received by the County.

Jackson County Drain Commission (the "Drain Commission") - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner, an elected position, has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The nature of the Drain Commission's significance of their relationship to the County is such that exclusion as a component unit would cause the County's financial statements to be misleading.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Brownfield Redevelopment Authority of Jackson County - Pursuant to the provisions of Public Act 381 of 1996, the County created a brownfield redevelopment authority (the "Authority") in order to revitalize environmentally distressed areas within a brownfield redevelopment area. The five-member Board is appointed by the Jackson County Board of Commissioners. The Authority budget must be approved by the Jackson County Board of Commissioners.

Jackson County Board of Public Works (the "BPW") - Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Board of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The BPW is governed by a seven-member board with six appointed members and the Drain Commissioner, an elected position. The Board of Public Works is considered a component unit of the County. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

Complete financial statements of the individual component units, where reports are separately provided, can be obtained from their respective administrative offices or from the County Clerk's Office at the Courthouse.

Administrative Offices

Jackson County Road Commission
2400 North Elm Road
Jackson MI 49201

**Jackson County Economic
Development Corp.**
414 North Jackson
Jackson MI 49201

Funds With Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2005.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County health fund* accounts for the delivery of a vast array of health services to the residents of Jackson County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

The *revenue sharing reserve fund* accounts for accelerated property tax collections which are held for the replacement of future State shared revenues.

The *child care fund* is used to account for the foster care of children and the operations of the County Youth Center.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *resource recovery facility fund* accounts for the operations of the incinerator and landfills.

The *medical care facility fund* accounts for the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Permanent funds. These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise funds. These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as workers compensation, telephone, health insurance, land use planning and graphic information) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. Charges to enterprise funds are equal to each enterprise fund's cost.

Pension trust funds. These funds account for the activities of the County's pension and postretirement health benefit payments to qualified employees.

The *agency funds* account for assets held for other governments in an agency capacity (such as trust and agency, library fund, district court bond, and others).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

All short-term investments that are highly liquid with an original maturity of three months or less are considered to be cash equivalents, including investments in governmental liquidity funds.

The County maintains pooled and individual fund demand deposit, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate and other investment instruments, subject to certain limitations.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

3. *Inventories, Prepaid Items and Other Assets*

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items.

Deferred assets represent rent paid in advance, which will benefit future accounting periods.

4. *Restricted Assets*

In accordance with revenue bond covenants, resources are set aside in the Resource Recovery Facility Enterprise Fund to meet principal and interest repayment requirements and to provide for major repairs and replacements. Resources are also set aside in the Medical Care Facility Enterprise Fund to provide for operations of the facility and for future capital purchases.

5. *Capital Assets*

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	20-40 years
Equipment (computer, office and vehicles)	3-15 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30-40 years
Equipment	5-15 years
Infrastructure	8-50 years

For the Drain Commission Component Unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 50 years.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

6. Compensated Absences

Eligible employees are permitted to accumulate paid time off in varying amounts based on length of service and certain other established criteria. Employees are paid for three-quarters of paid time off days earned and credited at the employee's current rate of pay upon separation of employment. Paid time off is accrued when incurred in proprietary funds and reported as a fund liability. Paid time off that has matured, for example, as a result of employee resignation or retirement, is reported as an expenditure and a fund liability of the governmental fund that will pay it.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types generally recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs and immaterial bond discounts, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. Budget Stabilization Fund

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

10. Current and Contingent Claims

The current and contingent claims expense (cost of services) shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The general and special revenue funds are under formal approval budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Board of Commissioners. The budgets are adopted at the activity level and control is exercised at that level. The County Administrator/Controller is authorized to transfer line item budget amounts up to \$10,000. Amounts over \$10,000 will be referred to the appropriate Committee, Personnel or Finance, and then to the Board of Commissioners for final action. Supplemental budgetary appropriations (immaterial) were made during the year. Appropriations lapse at year end.

B. Budget Violations

During the year ended December 31, 2005, expenditures were incurred in excess of the amounts appropriated as follows:

<u>Fund and Activity or Account</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government - Public Defender	\$ 1,294,500	\$ 1,358,286	\$ 63,786
Other:			
Professional Services	151,250	158,147	6,897

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

<u>Fund and Activity or Account</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Health Department -			
Health and welfare:			
Administration	\$ 479,739	\$ 681,777	\$ 202,038
Infant Mortality and Prevention	104,030	107,507	3,477
Family Planning	-	94	94
Transfers out	-	128,040	128,040
Child Care -			
Public Safety -			
Supervision	454,929	481,482	26,553
Parks Commission Fund -			
Recreation and Culture:			
Administration	262,022	271,062	9,040
Cascades Falls	61,144	67,925	6,781
Friend of the Court Fund -			
Judicial -			
General and administrative	50,238	55,794	5,556
Omnibus Forfeitures Fund -			
Judicial costs	-	590	590
Prosecuting Attorney Drug Enforcement Fund -			
Judicial - Personnel costs	-	4,399	4,399
Michigan Justice Training Fund -			
Public Safety -			
Employee training	35,000	87,126	52,126
Airport Fund -			
Other functions:			
Personnel services	251,160	255,427	4,267
Repairs and maintenance	47,750	62,560	14,810
Utilities	3,000	3,061	61
Jail Millage -			
Transfers out	1,620,000	1,902,894	282,894
Department on Aging Millage -			
Transfers out	460,000	608,974	148,974

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2005:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 33,368,441	\$ 14,282,215	\$ 47,650,656
Statement of Fiduciary Net Assets:			
Cash and pooled investments	13,430,102	-	13,430,102
Investments	<u>131,658,011</u>	<u>-</u>	<u>131,658,011</u>
Total	<u>\$ 178,456,554</u>	<u>\$ 14,282,215</u>	<u>\$ 192,738,769</u>
Deposits and Investments:			
Bank deposits (checking accounts and certificates of deposit)			\$ 17,128,624
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			43,833,179
Employee retirement system			127,756,407
Retiree health insurance fund			3,901,604
Cash on hand			19,318
Net effect of funds with different fiscal year ends/other adjustments			<u>99,637</u>
Total			<u>\$ 192,738,769</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2005, \$15,677,051 of the County's total bank balance of \$17,049,677 (total book balance was \$17,128,624) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2005:

U.S. agencies	\$ 39,820,495
Money market	<u>4,012,684</u>
Total	<u>\$ 43,833,179</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are not required for U.S. treasuries or money market funds.

As of December 31, 2005, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2005, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	45.5%
	Federal Home Loan Mortgage Corporation	20.5%
	Federal National Mortgage Association	24.9%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the County to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2005, maturities of the County's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-15</u>	<u>More Than 15</u>
U.S. Agencies	\$ 39,820,495	\$ -	\$ 13,900,000	\$ 10,490,925	\$ 15,429,570

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2005:

Investments at fair value, as determined by quoted market price:

Equities domestic:	
Not on securities loan	\$ 34,236,864
On securities loan	7,662,673
Index fund	26,154,253
Equities international:	
Not on securities loan	12,806,085
On securities loan	1,098,610
Index fund	1,339,641
U.S. treasuries	
Not on securities loan	2,711,167
On securities loan	2,999,106
U.S. agencies	3,069,915
Corporate securities domestic:	
Not on securities loan	22,159,830
On securities loan	722,775
Corporate securities international:	
Not on securities loan	1,145,131
Money market funds	<u>11,650,357</u>
Total investments	<u>\$ 127,756,407</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2005, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 210,126
AA-	1,802,860
A+	3,833,579
A	3,390,385
A-	2,054,685
BBB+	2,363,972
BBB	3,084,569
BBB-	4,137,523
BB+	1,471,138
BB-	205,031
Not Rated	<u>1,473,868</u>
	<u>\$ 24,027,736</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of the System's assets be invested in any one corporation and no more than 5% of a System investment may be made in the outstanding stock of any one corporation. The policy also provides that no more than 70% and no less than 50% of the Systems assets may be invested in equity securities, and that no more than 50% and no less than 30% of System assets may be invested in bonds.

At December 31, 2005, the System's investment portfolio had no one investment in excess of 5%.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2005, maturities of the System's debt securities were as follows:

		<u>Investment maturities (fair value by years)</u>			
	<u>Fair Value</u>	<u>Less</u>	<u>1-5</u>	<u>6-15</u>	<u>More</u>
		<u>Than 1</u>			<u>Than 15</u>
U.S. Treasuries	\$ 5,710,273	\$ -	\$ 2,172,067	\$ 1,313,335	\$ 2,224,870
U.S. Agencies	3,069,915	501,405	2,514,597	-	53,913
Corporate domestic & International bonds	<u>24,027,736</u>	<u>511,890</u>	<u>4,664,704</u>	<u>1,565,001</u>	<u>17,286,142</u>
Total debt securities	<u>\$32,807,924</u>	<u>\$ 1,013,295</u>	<u>\$ 9,351,368</u>	<u>\$ 2,878,336</u>	<u>\$ 19,564,925</u>

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of investments according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Retiree's Health Insurance Fund

Custodial Credit Risk - The Fund's investments are held in third-party safekeeping by a designated institution and the safekeeping agent follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2005:

Investments at fair value, as determined by quoted market price:

Equities domestic	\$ 2,899,198
U.S. treasuries	292,506
U.S. agencies	88,094
Money Market	<u>621,806</u>

Total investments \$ 3,901,604

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investment comply with its policy regarding the types of investments it may hold.

As of December 31, 2005, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2005, maturities of the Fund's debt securities were as follows:

		Investment maturities(fair value by years)			
		Less			More
	<u>Fair Value</u>	<u>Than 1</u>	<u>1-5</u>	<u>6-15</u>	<u>Than 15</u>
U.S. Treasuries	\$ 292,506	\$ 25,640	\$ 102,118	\$ 113,828	\$ 50,920
U.S. Agencies	<u>88,094</u>	<u>-</u>	<u>51,441</u>	<u>36,653</u>	<u>-</u>
Total debt securities	<u>\$ 380,600</u>	<u>\$ 25,640</u>	<u>\$ 153,559</u>	<u>\$ 150,481</u>	<u>\$ 50,920</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<u>\$ 16,232,815</u>
Other:	
Accounts	817,116
Interest	580,023
Intergovernmental	<u>2,252,868</u>
	<u>3,650,007</u>
Total	<u>\$ 19,882,822</u>

Amounts not expected to be collected within one year includes \$775,000 of intergovernmental receivables.

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	<u>\$ 3,860,819</u>
Other:	
Accounts	2,690,094
Interest	734,085
Patient	1,416,126
Less: allowance for doubtful accounts	(74,570)
Intergovernmental	<u>1,470</u>
	<u>4,767,205</u>
Total	<u>\$ 8,628,024</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General Fund	\$ -	\$ 6,981,153
Medical Care Facility – Maintenance of Effort Fund	-	560,747
Jail Millage Fund	-	1,945,863
Department on Aging Fund	-	992,275
Long-term receivable – Building Authority Debt Service	800,000	-
Grant revenues received in advance of being earned	<u>-</u>	<u>5,743</u>
	<u>\$ 800,000</u>	<u>\$ 10,485,781</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

Governmental Activities:	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,470,208	\$ -	\$ -	\$ 311,810	\$ 1,158,398
Construction in progress	2,031,876	-	845,960	2,030,029	847,807
Total capital assets, not being depreciated	3,502,084	-	845,960	2,341,839	2,006,205
Capital assets, being depreciated:					
Buildings and improvements	33,121,020	26,889	2,756,684	280,487	35,624,106
Equipment and furniture	7,292,722	-	763,255	794,119	7,261,858
Vehicles	2,783,732	-	146,109	490,533	2,439,308
Total capital assets, being depreciated	43,197,474	26,889	3,666,048	1,565,139	45,325,272
Less accumulated depreciation for:					
Buildings and improvements	10,404,112	-	1,396,379	206,542	11,593,949
Equipment and furniture	4,586,736	-	929,127	762,715	4,753,148
Vehicles	2,606,598	-	163,877	490,533	2,279,942
Total accumulated depreciation	17,597,446	-	2,489,383	1,459,790	18,627,039
Total capital assets, being depreciated, net	25,600,028	26,889	1,176,665	105,349	26,698,233
Governmental activities capital assets, net	\$ 29,102,112	\$ 26,889	\$ 2,022,625	\$ 2,447,188	\$ 28,704,438

Business-type Activities	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 278,832	\$ -	\$ -	\$ -	\$ 278,832
Capital assets, being depreciated:					
Land improvements	65,192	-	-	-	65,192
Buildings and improvements	38,414,479	-	707,601	281,503	38,840,577
Equipment and furniture	15,537,673	-	150,034	42,810	15,644,897
Vehicles	25,845	-	-	-	25,845
Total capital assets, being depreciated	54,043,189	-	857,635	324,313	54,576,511
Less accumulated depreciation for:					
Land improvements	65,192	-	-	-	65,192
Buildings and improvements	10,372,410	-	1,125,904	70,100	11,428,214
Equipment and furniture	7,386,114	-	459,224	16,589	7,828,749
Vehicles	20,676	-	5,169	-	25,845
Total accumulated depreciation	17,844,392	-	1,590,297	86,689	19,348,000
Total capital assets, being depreciated, net	36,198,797	-	(732,662)	237,624	35,228,511
Business-type activities capital assets, net	\$ 36,477,629	\$ -	\$ (732,662)	\$ 237,624	\$ 35,507,343

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$	476,616
Public Safety		810,238
Judicial		155,454
Health and welfare		298,803
Recreation & Culture		166,403
Unallocated		35,714
Other		334,937

Capital assets held by the government's internal service funds
are charged to the various functions based upon usage of
the assets

211,218

Total depreciation expense - governmental activities

\$ 2,489,383

Business-type activities:

Resource Recovery Facility	\$	924,587
Medical Care Facility		544,468
Fair		96,160
Delinquent Tax Fund		21,899
Personal Property Tax Fund		3,183

Total depreciation expense - business-type activities

\$ 1,590,297

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Infrastructure	\$ 11,889,560	\$ 353,096	\$ -	\$ 12,242,656
Less accumulated depreciation for:				
Infrastructure	<u>7,171,687</u>	<u>201,188</u>	<u>-</u>	<u>7,372,875</u>
Total capital net assets being depreciated	<u>\$ 4,717,873</u>	<u>\$ 151,908</u>	<u>\$ -</u>	<u>\$ 4,869,781</u>

Depreciation expense was charged to the Public Works function in the year 2005.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Activity for the Road Commission for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 923,080	\$ -	\$ -	\$ 923,080
Infrastructure land and land improvements	15,147,794	110,388	-	15,258,182
Subtotal	<u>16,070,874</u>	<u>110,388</u>	<u>-</u>	<u>16,181,262</u>
Capital assets, being depreciated:				
Buildings and improvements	5,739,844	231,528	-	5,971,372
Road equipment	11,689,336	1,537,338	(371,771)	12,854,903
Other equipment	1,544,990	128,819	(87,684)	1,586,125
Gravel pits	548,074	-	-	548,074
Infrastructure	73,016,161	4,814,180	(2,411,842)	75,418,499
Subtotal	<u>92,538,405</u>	<u>6,711,865</u>	<u>(2,871,297)</u>	<u>96,378,973</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,722,319)	(218,147)	-	(3,940,466)
Road equipment	(9,122,307)	(992,522)	259,586	(9,855,243)
Other equipment	(1,239,031)	(119,846)	88,394	(1,270,483)
Gravel pits	(147,017)	-	-	(147,017)
Infrastructure	(28,861,914)	(3,584,503)	2,411,842	(30,034,575)
Subtotal	<u>(43,092,588)</u>	<u>(4,915,018)</u>	<u>2,759,822</u>	<u>(45,247,784)</u>
Net capital assets being depreciated	<u>49,445,817</u>	<u>1,796,847</u>	<u>(111,475)</u>	<u>51,131,189</u>
Net capital assets	<u>\$ 65,516,691</u>	<u>\$ 1,907,235</u>	<u>\$ (111,475)</u>	<u>\$ 67,312,451</u>

Depreciation expense was charged to the Public Works function in the year 2005.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

D. Interfund Receivables, Payables and Transfers

At December 31, 2005, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ -	\$ 6,053,527
Health	-	128,040
Revenue Sharing Reserve	6,053,527	-
Delinquent Tax Revolving	2,835,753	-
Resource Recovery	-	2,593,429
Nonmajor Proprietary Funds	-	62,440
Internal Service Funds	-	51,844
Total	\$ 8,889,280	\$ 8,889,280

At December 31, 2005, interfund advances were as follows:

<u>Receivable fund</u>	<u>Payable Fund Friend of the Court</u>
General	\$ 500,000

The general fund has made long-term advances to the Drain Commission and Brownfield Redevelopment Authority component units in the amounts of \$210,000 and \$117,500, respectively.

The County has Interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Friend of the Court Fund is used to provide cash flow to that fund until reimbursements from the State of Michigan are collected.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

For the year then ended, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 6,226,447	\$ 5,478,041
Health	758,523	128,040
Revenue Sharing Reserve	-	3,000,000
Child Care	3,726,530	-
Delinquent Tax Revolving	407,106	1,985,615
Nonmajor Governmental Funds	3,296,813	3,611,110
Nonmajor Proprietary Funds	-	15,592
Internal Service Funds	-	176,791
	<u>14,415,419</u>	<u>14,395,189</u>
Adjustments for different fiscal year end:		
Friend of the Court FYE 9/30/05	-	20,230
	<u>-</u>	<u>20,230</u>
Total	<u>\$ 14,415,419</u>	<u>\$ 14,415,419</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 1,289,053
Claims	911,799
Wages, fringe benefits and other accrued liabilities	519,328
Intergovernmental	118,492
Other	<u>183,882</u>
	<u>\$ 3,022,534</u>

Accounts payable and accrued liabilities in the business-type activities are as follows:

Trade accounts payable	\$ 1,755,207
Accrued interest	206,757
Wages, fringe benefits and other accrued liabilities	487,866
Estimated closure and post-closure monitoring costs	1,940,000
Intergovernmental	<u>15,263</u>
	<u>\$ 4,405,093</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

F. Property Taxes

Through 2004, the County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2005, the County recognized the full December 1, 2004 levy and the July 1, 2005 levy, which represents one-third of the total tax levy for calendar 2005. In 2006, two-thirds of the County property tax will be levied July 1 and then in 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the December 1, 2004 levy, for which revenue was recognized in fiscal 2005, was \$3.8 billion. The general operating tax rate for this levy was at the maximum rate of 5.1709 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.2500 mills for the Department on Aging, 0.4902 for the new County Jail Facility and 0.1413 mills for the Medical Care Facility.

The assessed and taxable value of real and personal property for the July 1, 2005 levy, for which revenue was recognized in fiscal 2005, was \$4.0 billion. The general operating tax rate for this levy was at the maximum rate of 5.1471 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority:					
General obligation bonds, Series 1999A	\$ 825,000	\$ -	\$ 25,000	\$ 800,000	\$ 25,000
General obligation bonds, Series 2002	12,250,000	-	250,000	12,000,000	325,000
Compensated absences (Primarily accrued sick and vacation pay)	1,628,959	2,957,050	3,093,288	1,492,721	110,000
	\$ 14,703,959	\$ 2,957,050	\$ 3,368,288	\$ 14,292,721	\$ 460,000

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	Balance December 31, 2005
\$950,000 1999A Jackson County Building Authority serial bonds, due in annual installments of \$25,000 to \$75,000 through 2019; interest at 5.1% to 6.0%	\$ 800,000
\$12,750,000 2002 Jackson County Building Authority serial bonds, due in annual installments of \$325,000 to \$1,175,000 through 2022; interest at 3.000% to 4.625%	12,000,000
Total General Obligation Bonds	<u>\$ 12,800,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 350,000	\$ 531,294
2007	400,000	520,269
2008	450,000	507,169
2009	450,000	491,518
2010	500,000	475,268
2011-2015	3,325,000	2,059,770
2016-2020	5,050,000	1,196,569
2021-2022	2,275,000	158,188
	<u>\$ 12,800,000</u>	<u>\$ 5,940,045</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Compensated absences have typically been liquidated by the General and Health Funds in prior years.

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	(Reductions)	Balance December 31, 2005	Due Within One Year
<u>Bonds Payable</u>					
\$6,300,000 Resource and Energy 2005 Revenue Refunding Bond – maturing serially to 2013 in annual amounts ranging from \$405,000 to \$950,000 at interest rates ranging from 2.00% to 3.75%	\$ 5,465,000	\$ -	\$ 430,000	\$ 5,035,000	\$ 465,000
Unlimited Tax General Obligation Refunding Bond - \$10,850,000 Resource Recovery and Energy 2005 – maturing serially to 2013 in annual amounts ranging from \$495,000 to \$1,150,000 at interest rates ranging from 2.75% to 3.875%	8,485,000	-	1,135,000	7,350,000	1,095,000
Through the Jackson County Building Authority – \$14,000,000 Refunding Bonds, Series 2005, interest rates ranging from 3.125% to 5.125% maturing serially in semiannual amounts ranging from \$80,000 to \$885,000 to May 1, 2030. This debt is being serviced by the Medical Care Facility	-	14,000,000	-	14,000,000	80,000
Through the Jackson County Building Authority – \$15,500,000 (partial refunding in 2005) Limited Tax General Obligation Bonds, Series 2000, interest rate of 5.5% maturing serially in annual amounts ranging from \$325,000 to \$375,000 to May 1, 2010. This debt is being serviced by the Medical Care Facility	14,950,000	-	13,225,000	1,725,000	325,000
Less deferred amount on refinancing	-	(959,883)	(25,597)	(934,286)	-
TOTAL ENTERPRISE FUNDS BONDS PAYABLE	28,900,000	13,040,117	14,764,403	27,175,714	1,965,000
Compensated absences	309,498	57,895	55,778	311,615	-
TOTAL ENTERPRISE FUNDS	<u>\$29,209,498</u>	<u>\$ 13,098,012</u>	<u>\$ 14,820,181</u>	<u>\$ 27,487,329</u>	<u>\$ 1,965,000</u>

On January 1, 2003, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$7,330,000 at December 31, 2005.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Also, on March 1, 2003, the County issued \$6,300,000 in Revenue Refunding Bonds with an average rate of 3.23% to advance revenue refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$5,245,000 at December 31, 2005.

During 2005, Jackson County advance refunded a portion of the Jackson County Building Authority Bonds, Series 2000 by issuing \$14,000,000 of Jackson County Building Authority Refunding Bonds, Series 2005. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the balance sheet. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$889,624 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$538,588.

As of December 31, 2005, outstanding Jackson County Building Authority Bonds, Series 2000 in the amount of \$12,900,000 are considered to be defeased.

Annual debt service requirements to maturity for business-type activities are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,965,000	\$ 1,082,847
2007	1,990,000	1,017,637
2008	1,980,000	949,865
2009	2,365,000	872,697
2010	1,800,000	794,546
2011-2015	7,180,000	2,942,619
2016-2020	3,185,000	2,132,690
2021-2025	3,590,000	1,407,110
2026-2030	4,055,000	528,399
	<u>\$ 28,110,000</u>	<u>\$ 11,728,410</u>

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued compensated absences	\$ 271,433	\$ 14,078	\$ -	\$ 285,511	\$ -

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2005, the long-term liability activity for governmental activities of the Drain Commission was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
1994 Clark Lake	\$ 1,150,000	\$ -	\$ -	\$ 1,150,000	\$ -
1993 Village of Grass Lake	1,475,000	-	(135,000)	1,340,000	135,000
2002 Clark Lake Refunding	3,540,000	-	(520,000)	3,020,000	515,000
1990 Village of Springport	120,000	-	(20,000)	100,000	25,000
1997 Village of Brooklyn	1,275,000	-	(75,000)	1,200,000	75,000
2000 Wolf Lake	4,100,000	-	(250,000)	3,850,000	250,000
2001 Napoleon Township	1,050,000	-	(50,000)	1,000,000	50,000
2004 Lake Columbia	11,000,000	-	-	11,000,000	500,000
2005 Spring Arbor Township	-	480,000	-	480,000	-
Total general obligation bonds	\$ 23,710,000	\$ 480,000	\$ (1,050,000)	\$ 23,140,000	\$ 1,550,000

Special Assessment Debt. Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2005:

Clark Lake 1994 Waste Water Disposal System DPW Bonds – \$7,875,000 (Partial refunding in 2002) maturing in annual amounts of \$550,000 and \$600,000 in 2012 & 2013 at 3% interest	\$ 1,150,000
Village of Grass Lake 1993 Sanitary Sewage Disposal System DPW Bonds - \$2,700,000 maturing serially in annual amounts ranging from \$90,000 to \$160,000 through 2014 at an interest rate of 2%	1,340,000
Clark Lake 2002 Refunding Bonds - \$4,300,000 maturing serially in annual amounts ranging from \$275,000 to \$505,000 through 2011 at an interest rate ranging from 3% to 4.25%	3,020,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Village of Springport 1990 Waste Water Disposal Facility DPW Bonds - \$300,000 maturing serially in annual amounts ranging from \$5,000 to \$25,000 through 2009 at an interest rate ranging from 5.90% to 7.15%	\$ 100,000
Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$1,550,000 maturing serially in annual amounts ranging from \$25,000 to \$150,000 through 2016 at an interest rate ranging from 4.25% to 7.25%	1,200,000
Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds - \$4,900,000 maturing serially in annual amounts ranging from \$150,000 to \$300,000 through 2019 at an interest rate ranging from 5.25% to 5.7%	3,850,000
Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds - \$1,125,000 maturing serially in annual amounts ranging from \$25,000 to \$75,000 through 2020 at an interest rate ranging from 3.80% to 6.75%	1,000,000
Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$11,000,000 maturing serially in annual amounts ranging from \$500,000 to \$700,000 through 2024 at an interest rate ranging from 3.25% to 4.75%	11,000,000
Spring Arbor Township 2005 Water Supply Facilities General Obligation Limited Tax Bonds - \$480,000 maturing serially in annual amounts ranging from \$25,000 to \$30,000 through 2025 at an interest rate ranging from 3.50% to 4.75%	<u>480,000</u>
Total Drain Commission - Special Assessment Bonds Payable	<u>\$ 23,140,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Annual debt service requirements to maturity for Drain Commission special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,550,000	\$ 921,358
2007	1,575,000	860,575
2008	1,575,000	799,600
2009	1,590,000	737,143
2010	1,590,000	672,737
2011-2015	7,530,000	2,523,359
2016-2020	4,900,000	1,224,013
2021-2025	2,830,000	273,736
	<u>\$ 23,140,000</u>	<u>\$ 8,012,521</u>

BOARD OF PUBLIC WORKS

Changes in Long-Term Liabilities. During the year ended December 31, 2005, the long-term liability activity for governmental activities of the Board of Public Works was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Board of Public Works:					
General obligation bonds:					
2002 Village of Parma	\$ 1,750,000	\$ -	\$ (50,000)	\$ 1,700,000	\$ 50,000
Revolving Loan Funds - Village of Parma	1,020,000	-	(45,000)	975,000	45,000
2003 Vineyard Lake Section	6,100,000	-	(250,000)	5,850,000	250,000
2002B Grass Lake Section	530,000	-	(25,000)	505,000	25,000
Revolving Loan Funds - Village of Grass Lake	2,165,000	-	(90,000)	2,075,000	95,000
2005 Round/Farewell Lakes Section	-	3,900,000	-	3,900,000	250,000
2005 Southern Regional Interceptor Section	-	4,600,000	-	4,600,000	-
Total general obligation bonds	<u>\$ 11,565,000</u>	<u>\$ 8,500,000</u>	<u>\$ (460,000)</u>	<u>\$ 19,605,000</u>	<u>\$ 715,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

	Balance December 31, <u>2005</u>
Village of Parma 2002 Water Supply Facilities Bonds - \$1,800,000 maturing in annual amounts ranging from \$25,000 to \$150,000 through 2021 at an interest rate ranging from 2.75% to 5.50%	\$ 1,700,000
State Drinking Water Revolving Loan Funds – Village of Parma maturing in annual amounts ranging from \$45,000 to \$70,000 through 2022 at an interest rate of 2.5%	975,000
Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 maturing in annual amounts ranging from \$250,000 to \$375,000 through 2023 at an interest rate ranging from 2.5% to 4.5%	5,850,000
Jackson County Water Supply Facility Grass Lake Area Section Series 2002B maturing in annual amounts ranging from \$10,000 to \$50,000 through 2022 at an interest rate ranging from 3.4% to 6.00%	505,000
State Drinking Water Revolving Loan Funds – Village of Grass Lake maturing in annual amounts ranging from \$90,000 to \$140,000 through 2023 at an annual interest rate of 2.5%	2,075,000
Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section, Series 2005 maturing in annual amounts ranging from \$225,000 to \$250,000 through 2022 at an interest rate ranging from 3% to 4%	3,900,000
Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section, Series 2005 maturing in annual amounts ranging from \$125,000 to \$425,000 through 2025 at an interest rate ranging from 4.125% to 4.500%	<u>4,600,000</u>
Total BPW Special Assessment Bonds Payable	<u>\$ 19,605,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Annual debt service requirements to maturity for Board of Public Works special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 715,000	\$ 632,998
2007	720,000	693,505
2008	745,000	673,461
2009	900,000	651,560
2010	925,000	622,969
2011-2015	5,230,000	2,614,094
2016-2020	6,115,000	1,552,804
2021-2025	4,255,000	387,262
	<u><u>\$ 19,605,000</u></u>	<u><u>\$ 7,828,653</u></u>

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2005, the balance of the County's member retention fund was \$216,325.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$100,000
Motor vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence
Property damage	\$1,000 per occurrence, 10% of remaining up to \$100,000 of a loss

County of Jackson Self-Funded Managed Care Insurance

On August 1, 1993, the County Proper and the Jackson County Road Commission began operating a self-funding health insurance program for their employees and retirees. An administrative agent has been hired to monitor claims and ensure that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payment of monthly premiums, to cover the cost of individual claims in excess of \$100,000. This is done to minimize the member's risk.

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2005 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage since August 1, 1993.

Claims payable, including incurred but not reported amounts, which are estimated by management based on historical experience, are reported as liabilities in the Internal Service Fund at December 31, 2005. The change in the claims liability for 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Claims liability at beginning of period	\$ 638,372	\$ 586,337
Claims and changes in estimates	7,978,529	6,847,003
Claims payments	<u>(7,879,146)</u>	<u>(6,794,968)</u>
Claims liability at end of fiscal year	<u>\$ 737,755</u>	<u>\$ 638,372</u>

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$250,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ 154,175	\$ 158,337
Incurred claims (including IBNR's)	94,942	69,891
Claim payments	<u>(75,093)</u>	<u>(74,053)</u>
Unpaid claims, end of year	<u>\$ 174,024</u>	<u>\$ 154,175</u>

Jackson County Road Commission

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Self-Insurance Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Self-Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event a reinsurance company does not meet its obligation to the Pool, responsibility for payment of any unreimbursed claims reverts to the Pool, and, indirectly, to the Pool members.

B. Commitments and Contingencies

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. A summary of the more significant matters follow:

Jackson County Landfill

The Michigan Department of Natural Resources (MDNR) has ordered that a cleanup process be undertaken at the site of a former County landfill - McGill Road. The County developed an investigative work plan that was approved by the MDNR. There are no cost estimates available for this project. It is anticipated, however, that the State of Michigan and City of Jackson will share in the costs, as former operators at the cleanup site. It is impossible to predict, however, whether further environmental action will be required by the MDNR or whether the County's portion of related costs would be significant or minimal.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Grant Agreements

Under the terms of various State and Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

Resource and Energy Conversion System

As part of this system, the County operates a waste-to-energy incinerator facility, with steam and electricity being sold to the State of Michigan under the terms of a contracted agreement. In an effort to ensure an adequate supply of waste for the facility, the County enacted a flow control ordinance. In simple terms, such an ordinance restricts the exporting of trash to other facilities.

In early 1994, the U.S. Supreme Court struck down a flow control ordinance as an unconstitutional restraint on trade. If this decision were applied to Jackson County's ordinance, it could have an adverse effect on the facility's finances.

C. Post-Employment Health Care and Life Insurance Benefits and Employee Retirement System and Plan

Post-Employment Health Care and Life Insurance Benefits

The County provides health insurance benefits for its retired employees and Medical Care Facility employees retired prior to 1988, as established by County Board Resolution. Substantially all of the County's employees may become eligible for this benefit if they reach normal retirement age while working for the County. The Medical Care Facility pays the premiums for its employees retired since 1988. The Road Commission pays for coverage for its retirees. The County's General Fund and Retiree Health Fund covered the cost of insurance for all other eligible employees. The County also provides life insurance for retirees. Retiree benefits for those individuals having retired as of 2/1/2001 and after have been paid from the prefunded Retiree Health Insurance Fund. The amounts paid for those individuals having retired prior to 2/1/2001 are being funded as incurred from the County's General Fund. Those amounts were \$728,679 and \$1,875,881, respectively, and are paid by each unit as follows:

	<u>Health Insurance</u>	<u>Life Insurance</u>
Jackson County Proper	\$ 2,604,560	\$ 22,563
Jackson County - For pre-1988 Medical Care Facility	256,030	-
Component Unit - Jackson County Road Commission	588,000	-
Jackson County Medical Care Facility	<u>411,132</u>	<u>8,382</u>
	<u>\$ 3,859,722</u>	<u>\$ 30,945</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

As of December 31, 2005, retiree membership data related to post-employment benefits was as follows:

	<u>Receive Benefits</u>	
	<u>Health Insurance</u>	<u>Life Insurance</u>
Jackson County Proper	310	268
Jackson County – For pre-1988 Medical Care Facility	32	-0-
Road Commission	90	-0-
Medical Care Facility	<u>70</u>	<u>106</u>
	<u>502</u>	<u>374</u>

Employee Retirement System and Plan

General

The County administers the Jackson County Employees' Retirement System ("Plan"), a single-employer defined benefit plan provided by authority of Section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The Plan is included as a pension trust fund in the County's financial statements and a stand-alone financial report of the Plan has not been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements.

Substantially all full-time employees are covered by the Plan. The Plan is a defined benefit plan which pays upon retirement a benefit range (depending on Group) calculated at 2% or 2.25% of final average compensation times years of credited service. Generally, retirement may begin at age 60 with eight (8) years continuous service or as early as age 55 with ten (10) years continuous service with a reduction in the benefit. Non-union retirement may begin at age 55 with 10 years of credited service or age 60 with 8 or more years of service.

Membership in the Plan consisted of the following at December 31, 2004, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	558
Terminated plan members entitled to, but not yet receiving benefits	79
Active plan members	<u>876</u>
Total	<u>1,513</u>

Employee Contributions

Eligible employees are required to contribute 2.50% to 5.5% of their annual compensation to the Plan. Such aggregate contributions amounted to \$2,062,760 for the year ended December 31, 2005.

Employer Contributions

The County made \$2,110,032 in contributions to the Plan during 2005, as determined by actuarial valuation.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The Plan's investments are reported at fair value for investment accounts and are held at a commercial bank acting as a custodian. Administrative costs of the Plan are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution/pension cost	\$ 2,110,032
Contribution made	<u>2,110,032</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

The annual required contribution for the current year was determined as part of a December 31, 2003 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three-Year Trend Information

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/03	\$ -	N/A	\$ -
12/31/04	1,477,934	100%	-
12/31/05	2,110,032	100%	-

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Stand along financial reports have not been issued for the Pension nor the Retiree Health Plan. A summary of the financial results for these Plans is as follows:

Statement of Plan Net Assets

	Pension Retirement	Retiree Health	Total
ASSETS			
Pooled cash and cash equivalents	\$ 21,627	\$ 27,888	\$ 49,515
Cash and cash equivalents	-	798,555	798,555
Investments, at fair value:			
Money market funds	11,650,357	621,806	12,272,163
U.S. Government Obligations	8,780,188	380,599	9,160,787
Domestic corporate bonds	22,882,605	-	22,882,605
Domestic stocks	41,899,537	2,899,199	44,798,736
Index stock fund	26,154,253	-	26,154,253
International bonds	1,145,131	-	1,145,131
International stocks	13,904,695	-	13,904,695
International stock index fund	1,339,641	-	1,339,641
Accounts receivable	591,212	40,000	631,212
Prepaid expenses	477,047	-	477,047
Accrued interest	435,881	53,330	489,211
Capital assets	21,987	-	21,987
Total assets	129,304,161	4,821,377	134,125,538
LIABILITIES			
Accrued payroll	850	-	850
Accrued compensated absences	6,234	-	6,234
	7,084	-	7,084
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
	\$ 129,297,077	\$ 4,821,377	\$ 134,118,454

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Statement of Changes in Plan Net Assets

	Pension	Retiree Health	Total
ADDITIONS			
Contributions:			
Employee Contributions	\$ 2,062,760	\$ -	\$ 2,062,760.00
Employer Contributions	2,110,032.00	-	2,110,032.00
Other	-	867,401	867,401
Total contributions	4,172,792	867,401	5,040,193
Investment income			
Net appreciation in fair value of investments	6,415,033	235,096	6,650,129
Interest and dividends	2,424,488	114,356	2,538,844
Total investment income	8,839,521	349,452	9,188,973
Less investment expense	(603,053)	-	(603,053)
Net investment income	8,236,468	349,452	8,585,920
Total additions (net)	12,409,260	1,216,853	13,626,113
DEDUCTIONS			
Benefits	6,784,448	728,679	7,513,127
Refunds of contributions	275,668	-	275,668
Administrative expense	201,360	32,194	233,554
Total deductions	7,261,476	760,873	8,022,349
Net increase	5,147,784	455,980	5,603,764
NET ASSETS, held in trust for pension and retiree healthcare benefits			
Beginning of year	124,149,293	4,365,397	128,514,690
End of year	\$ 129,297,077	\$ 4,821,377	\$ 134,118,454

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Concluded

D. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The \$1,940,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2005 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. The County has closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

E. Restatements

The total Board of Public Works beginning net assets was increased by \$48,959, and the total Drain Commission beginning net assets was decreased by the same amount, in order to show the Southern Regional Interceptor Fund in the proper component unit.

* * * * *

**GASB STATEMENT 25 REQUIRED
SUPPLEMENTARY INFORMATION**

GASB STATEMENT 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
(\$ Amounts in Thousands)

<u>Valuation Date Dec. 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1995 (a)	\$68,283	\$57,717	(\$10,566)	118.3	\$23,040	-%
1996 (a)	76,326	60,129	(16,197)	126.9	22,999	-
1997 (a)	87,010	64,468	(22,542)	135.0	23,802	-
1998	100,030	68,577	(31,453)	145.9	24,209	-
1999 (a)	112,224	77,492	(34,732)	144.8	26,781	-
2000 (a)	120,724	84,373	(36,351)	143.1	27,224	-
2001 (a)	124,551	92,102	(32,449)	135.2	29,687	-
2002 (a)	120,693	104,222	(16,471)	115.8	29,763	-
2003 (a)	118,340	112,314	(6,026)	105.4	29,566	-
2004	121,005	121,440	435	99.6	31,519	-

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Valuation Date Dec. 31</u>	<u>Contribution Rates As Percent of Valuation Payroll*</u>	<u>Computed Dollar Contribution Based on Projected Payroll#</u>	<u>Annual Required Contribution Based on Actual Payroll</u>	<u>Percentage Contributed</u>
1996	1994 (a)	2.70%	\$614,524	\$645,115	100 %
1997	1995 (a)	3.35	830,477	780,271	100
1998	1996 (a)	1.05	262,012	254,050	100
1999	1997	0.22	55,039	59,036	100
2000	1998	0.00	-	-	100
2001	1999 (a)	0.00	-	-	100
2002	2001 (a)	0.00	-	-	100
2003	2002 (a)	0.00	-	-	100
2004	2002 (a)	4.33	1,477,934	1,477,934	100
2005	2003 (a)	6.90	2,110,032	2,110,032	100

(a) After changes in benefit provisions and/or actuarial assumptions.

* Weighted averages.

Beginning with fiscal year 2004, contribution requirements based upon employer contributions ceasing for members entering the DROP.

GASB STATEMENT NO. 25

REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	December 31, 2004
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining amortization period	Overfunded: 10 years (open) Underfunded: 30 year (open)
Asset valuation method:	4 years smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0% - 8.8%
Includes inflation at	5.00%
Cost-of-living adjustments	none

The following members were included in the December 31, 2004 actuarial valuation:

Retirees and Beneficiaries receiving benefits and DROP members	558
Terminated plan members entitled to but not yet receiving benefits	79
Active plan members	<u>902</u>
Total	<u><u>1,539</u></u>

**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
ASSETS					
Pooled cash and cash equivalents	\$ 9,500,402	\$ 304,293	\$ 1,145,153	\$ 125,518	\$ 11,075,366
Cash and cash equivalents	51,002	-	186,241	3,056	240,299
Accounts receivable	25,987	-	-	-	25,987
Taxes receivable	3,333,218	-	-	-	3,333,218
Due from other governmental units	524,963	800,000	-	-	1,324,963
Inventory, at cost	108,012	-	-	-	108,012
<u>TOTAL ASSETS</u>	\$ 13,543,584	\$ 1,104,293	\$ 1,331,394	\$ 128,574	\$ 16,107,845
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 405,066	\$ -	\$ 159,437	\$ 26	\$ 564,529
Accrued payroll	87,352	-	-	-	87,352
Interest payable	-	6,786	-	-	6,786
Advance from other funds	500,000	-	-	-	500,000
Due to other governmental units	118,492	-	-	-	118,492
Deferred revenue	3,498,885	800,000	-	-	4,298,885
Total liabilities	4,609,795	806,786	159,437	26	5,576,044
FUND BALANCES					
Reserved for inventories	108,012	-	-	-	108,012
Unreserved:					
Undesignated	8,825,777	297,507	1,171,957	128,548	10,423,789
Total fund balances	8,933,789	297,507	1,171,957	128,548	10,531,801
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 13,543,584	\$ 1,104,293	\$ 1,331,394	\$ 128,574	\$ 16,107,845

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUE					
Contributions	\$ -	\$ 1,167,536	\$ -	\$ -	\$ 1,167,536
Licenses, fees, taxes and permits	13,099	-	-	-	13,099
Property taxes	3,222,570	-	-	-	3,222,570
Intergovernmental	3,814,564	-	1,153,312	-	4,967,876
Charges for services	1,524,342	-	-	-	1,524,342
Fines and forfeitures	271,369	-	-	-	271,369
Interest and rentals	479,325	4,103	2,387	3,031	488,846
Donations	81,156	-	-	5,509	86,665
Other revenue	187,326	-	886,159	-	1,073,485
Total revenue	9,593,751	1,171,639	2,041,858	8,540	12,815,788
EXPENDITURES					
Current:					
Judicial	3,166,439	-	-	-	3,166,439
Public safety	101,710	-	-	-	101,710
Health and welfare	1,183,324	-	-	-	1,183,324
Recreation and cultural	1,661,674	-	-	-	1,661,674
Community development	400,830	-	-	-	400,830
Other functions	1,191,980	1,095,434	-	8,782	2,296,196
Debt service:				-	
Principal	-	275,000	-	-	275,000
Interest and fiscal charges	-	539,369	-	-	539,369
Capital outlay	-	-	2,425,026	-	2,425,026
Total expenditures	7,705,957	1,909,803	2,425,026	8,782	12,049,568
Revenue over (under) expenditures	1,887,794	(738,164)	(383,168)	(242)	766,220
OTHER FINANCING SOURCES (USES)					
Transfers in	1,716,692	922,428	657,693	-	3,296,813
Transfers (out)	(2,678,192)	-	(932,918)	-	(3,611,110)
Total other financing sources (uses)	(961,500)	922,428	(275,225)	-	(314,297)
Net change in fund balances	926,294	184,264	(658,393)	(242)	451,923
FUND BALANCE , Beginning of year	8,007,495	113,243	1,830,350	128,790	10,079,878
FUND BALANCE, End of year	\$ 8,933,789	\$ 297,507	\$ 1,171,957	\$ 128,548	\$ 10,531,801

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
DECEMBER 31, 2005

	Parks Commission	Friend of the Court	Public Improvement and Building
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 45,326	\$ 124,218	\$ 2,066,484
Cash and cash equivalents	225	-	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	523,768	-
Inventory, at cost	108,012	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 153,563</u>	<u>\$ 647,986</u>	<u>\$ 2,066,484</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 1,465	\$ 32,190
Accrued payroll	9,216	74,701	-
Advance from other funds	-	500,000	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	9,216	576,166	32,190
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	108,012	-	-
Unreserved:			
Undesignated	36,335	71,820	2,034,294
	<hr/>	<hr/>	<hr/>
Total fund balances	144,347	71,820	2,034,294
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 153,563</u>	<u>\$ 647,986</u>	<u>\$ 2,066,484</u>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library	Michigan Justice Training
\$ 447,924	\$ 3,367	\$ 73,784	\$ 41,822	\$ 5,098	\$ 49,217
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 447,924	\$ 3,367	\$ 73,784	\$ 41,822	\$ 5,098	\$ 49,217
\$ -	\$ -	\$ -	\$ -	\$ 1,489	\$ 3,098
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,489	3,098
-	-	-	-	-	-
447,924	3,367	73,784	41,822	3,609	46,119
447,924	3,367	73,784	41,822	3,609	46,119
\$ 447,924	\$ 3,367	\$ 73,784	\$ 41,822	\$ 5,098	\$ 49,217

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
DECEMBER 31, 2005

	Social Services	Veteran's Trust	Airport
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 154,257	\$ 1,047	\$ 51,969
Cash and cash equivalents	50,677	-	100
Accounts receivable	-	123	-
Taxes receivable	-	-	-
Due from other governmental units	-	1,195	-
Inventory, at cost	-	-	-
	<u>\$ 204,934</u>	<u>\$ 2,365</u>	<u>\$ 52,069</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 1,195	\$ 9,474
Accrued payroll	-	-	3,435
Advance from other funds	-	-	-
Due to other governmental units	118,492	-	-
Deferred revenue	-	-	-
Total liabilities	118,492	1,195	12,909
FUND BALANCES			
Reserved for inventories	-	-	-
Unreserved:			
Undesignated	86,442	1,170	39,160
Total fund balances	86,442	1,170	39,160
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 204,934</u>	<u>\$ 2,365</u>	<u>\$ 52,069</u>

Joint Narcotics	Jail Millage	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 238,498	\$ 375,248	\$ -	\$ 407,567	\$ 437,771
-	-	-	-	-
-	-	25,864	-	-
-	1,853,306	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 238,498	\$ 2,228,554	\$ 25,864	\$ 407,567	\$ 437,771

\$ 13,896	\$ -	\$ 25,864	\$ 1,594	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,945,863	-	-	-
13,896	1,945,863	25,864	1,594	-
-	-	-	-	-
224,602	282,691	-	405,973	437,771
224,602	282,691	-	405,973	437,771
\$ 238,498	\$ 2,228,554	\$ 25,864	\$ 407,567	\$ 437,771

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
DECEMBER 31, 2005

	Medical Care Facility Maintenance of Effort	Department on Aging Millage	Total
<hr/>			
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 4,620,628	\$ 356,177	\$ 9,500,402
Cash and cash equivalents	-	-	51,002
Accounts receivable	-	-	25,987
Taxes receivable	534,129	945,783	3,333,218
Due from other governmental units	-	-	524,963
Inventory, at cost	-	-	108,012
<hr/>			
<u>TOTAL ASSETS</u>	<u>\$ 5,154,757</u>	<u>\$ 1,301,960</u>	<u>\$ 13,543,584</u>
<hr/>			
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 314,801	\$ -	\$ 405,066
Accrued payroll	-	-	87,352
Advance from other funds	-	-	500,000
Due to other governmental units	-	-	118,492
Deferred revenue	560,747	992,275	3,498,885
<hr/>			
Total liabilities	875,548	992,275	4,609,795
<hr/>			
FUND BALANCES			
Reserved for inventories	-	-	108,012
Unreserved:			
Undesignated	4,279,209	309,685	8,825,777
<hr/>			
Total fund balances	4,279,209	309,685	8,933,789
<hr/>			
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 5,154,757</u>	<u>\$ 1,301,960</u>	<u>\$ 13,543,584</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Parks Commission	Friend of the Court	Public Improvement and Building
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	-	2,412,411	-
Charges for services	912,318	383,204	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	42,845
Donations	-	-	81,156
Other revenue	-	-	57,702
	<hr/>	<hr/>	<hr/>
Total revenue	912,318	2,795,615	181,703
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Judicial	-	2,994,120	19,704
Public safety	-	-	-
Health and welfare	-	-	-
Recreation and cultural	1,505,653	-	156,021
Community development	-	-	-
Other functions	-	-	650,049
	<hr/>	<hr/>	<hr/>
Total expenditures	1,505,653	2,994,120	825,774
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(593,335)	(198,505)	(644,071)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	606,981	134,270	764,608
Transfers (out)	(42,176)	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	564,805	134,270	764,608
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(28,530)	(64,235)	120,537
	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	172,877	136,055	1,913,757
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	<u><u>\$ 144,347</u></u>	<u><u>\$ 71,820</u></u>	<u><u>\$ 2,034,294</u></u>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library	Michigan Justice Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	94,753
-	-	-	-	-	-
-	293	30,670	44,218	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,500	46,690
-	293	30,670	44,218	6,500	141,443
-	590	4,399	-	9,808	-
-	-	-	14,585	-	87,125
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	590	4,399	14,585	9,808	87,125
-	(297)	26,271	29,633	(3,308)	54,318
-	-	-	-	3,500	-
-	-	-	-	-	(45,000)
-	-	-	-	3,500	(45,000)
-	(297)	26,271	29,633	192	9,318
447,924	3,664	47,513	12,189	3,417	36,801
\$ 447,924	\$ 3,367	\$ 73,784	\$ 41,822	\$ 3,609	\$ 46,119

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Social Services	Veteran's Trust	Airport
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ 13,099
Property taxes	-	-	-
Intergovernmental	879,611	26,959	-
Charges for services	-	-	9,235
Fines and forfeitures	-	-	-
Interest and rentals	-	-	287,973
Donations	-	-	-
Other revenue	-	-	42,079
	<hr/>	<hr/>	<hr/>
Total revenue	879,611	26,959	352,386
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	-	-	-
Health and welfare	840,863	27,660	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other functions	-	-	434,410
	<hr/>	<hr/>	<hr/>
Total expenditures	840,863	27,660	434,410
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	38,748	(701)	(82,024)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	29,000	-	78,333
Transfers (out)	-	-	(27,890)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	29,000	-	50,443
	<hr/>	<hr/>	<hr/>
Net change in fund balances	67,748	(701)	(31,581)
	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	18,694	1,871	70,741
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 86,442	\$ 1,170	\$ 39,160
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Joint Narcotics	Jail Millage	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,804,066	-	-	-
-	-	400,830	-	-
-	-	-	219,585	-
196,188	-	-	-	-
6,682	-	-	9,936	-
-	-	-	-	-
-	19,614	-	-	-
202,870	1,823,680	400,830	229,521	-
137,818	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	400,830	-	-
-	-	-	97,221	10,300
137,818	-	400,830	97,221	10,300
65,052	1,823,680	-	132,300	(10,300)
-	-	-	-	100,000
(51,258)	(1,902,894)	-	-	-
(51,258)	(1,902,894)	-	-	100,000
13,794	(79,214)	-	132,300	89,700
210,808	361,905	-	273,673	348,071
\$ 224,602	\$ 282,691	\$ -	\$ 405,973	\$ 437,771

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005

	MCF Maintenance of Effort	Department on Aging Millage	Total
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ 13,099
Property taxes	514,612	903,892	3,222,570
Intergovernmental	-	-	3,814,564
Charges for services	-	-	1,524,342
Fines and forfeitures	-	-	271,369
Interest and rentals	131,889	-	479,325
Donations	-	-	81,156
Other revenue	-	14,741	187,326
Total revenue	646,501	918,633	9,593,751
EXPENDITURES			
Current:			
Judicial	-	-	3,166,439
Public safety	-	-	101,710
Health and welfare	314,801	-	1,183,324
Recreation and cultural	-	-	1,661,674
Community development	-	-	400,830
Other functions	-	-	1,191,980
Total expenditures	314,801	-	7,705,957
Revenue over (under) expenditures	331,700	918,633	1,887,794
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,716,692
Transfers (out)	-	(608,974)	(2,678,192)
Total other financing sources (uses)	-	(608,974)	(961,500)
Net change in fund balances	331,700	309,659	926,294
FUND BALANCE , Beginning of year	3,947,509	26	8,007,495
FUND BALANCE, End of year	\$ 4,279,209	\$ 309,685	\$ 8,933,789

COUNTY OF JACKSON, MICHIGAN
PARKS COMMISSION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Falls	\$ 104,820	\$ 104,820	\$ -
Cascades Golf Course	590,559	591,420	861
Cascades Short Course and Ken Douglas Learning Center	93,608	93,633	25
Parks	120,829	122,445	1,616
Total revenue	909,816	912,318	2,502
EXPENDITURES			
Recreation and cultural:			
Administration	262,022	271,062	(9,040)
Cascades Falls	61,144	67,925	(6,781)
Cascades Golf Course	586,572	583,604	2,968
Cascades Short Course and Ken Douglas Learning Center	40,943	40,386	557
Parks	204,557	197,491	7,066
Equipment and Shop	280,247	269,290	10,957
Out-County parks	82,564	75,895	6,669
Total expenditures	1,518,049	1,505,653	12,396
Revenue over (under) expenditures	(608,233)	(593,335)	14,898
OTHER FINANCING SOURCES (USES)			
County appropriation	522,124	521,981	(143)
Transfers in	85,000	85,000	-
Transfers (out)	(42,176)	(42,176)	-
Total other financing sources	564,948	564,805	(143)
Net change in fund balances	(43,285)	(28,530)	14,755
FUND BALANCE, Beginning of year	172,877	172,877	-
FUND BALANCE, End of year	\$ 129,592	\$ 144,347	\$ 14,755

COUNTY OF JACKSON, MICHIGAN
FRIEND OF THE COURT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,540,472	\$ 2,412,411	\$ (128,061)
Charges for services - fees	364,108	383,204	19,096
Total revenue	2,904,580	2,795,615	(108,965)
EXPENDITURES			
Judicial:			
Personnel services	3,018,382	2,938,326	80,056
General and administrative	50,238	55,794	(5,556)
Total expenditures	3,068,620	2,994,120	74,500
Revenue under expenditures	(164,040)	(198,505)	(34,465)
OTHER FINANCING SOURCES			
Transfers in	164,040	134,270	(29,770)
Net change in fund balances	-	(64,235)	(64,235)
FUND BALANCE, Beginning of year	136,055	136,055	-
FUND BALANCE, End of year	\$ 136,055	\$ 71,820	\$ (64,235)

**COUNTY OF JACKSON, MICHIGAN
PUBLIC IMPROVEMENT AND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Interest - General	\$ -	\$ 42,845	\$ 42,845
Donations	35,000	81,156	46,156
Miscellaneous revenue	10,000	57,702	47,702
Total revenue	45,000	181,703	136,703
EXPENDITURES			
Repairs and maintenance:			
Judicial - Juvenile	17,700	14,926	2,774
Judicial - Courthouse	46,500	4,778	41,722
Parks	199,008	156,021	42,987
Other - General	730,700	650,049	80,651
Total expenditures	993,908	825,774	168,134
Revenue over (under) expenditures	(948,908)	(644,071)	304,837
OTHER FINANCING SOURCES			
Transfers in	406,850	764,608	357,758
Net change in fund balances	(542,058)	120,537	662,595
FUND BALANCE, Beginning of year	1,913,757	1,913,757	-
FUND BALANCE, End of year	\$ 1,371,699	\$ 2,034,294	\$ 662,595

COUNTY OF JACKSON, MICHIGAN
BUDGET STABILIZATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
FUND BALANCE, Beginning of year	447,924	447,924	-
FUND BALANCE, End of year	\$ 447,924	\$ 447,924	\$ -

**COUNTY OF JACKSON, MICHIGAN
OMNIBUS FORFEITURES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ -	\$ 293	\$ 293
EXPENDITURES			
Judicial costs	-	590	(590)
Net change in fund balances	-	(297)	(297)
FUND BALANCE, Beginning of year	3,664	3,664	-
FUND BALANCE, End of year	\$ 3,664	\$ 3,367	\$ (297)

**COUNTY OF JACKSON, MICHIGAN
PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ -	\$ 30,670	\$ 30,670
EXPENDITURES			
Judicial - Personnel costs	-	4,399	(4,399)
Net change in fund balances	-	26,271	26,271
FUND BALANCE, Beginning of year	47,513	47,513	-
FUND BALANCE, End of year	\$ 47,513	\$ 73,784	\$ 26,271

**COUNTY OF JACKSON, MICHIGAN
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 20,000	\$ 44,218	\$ 24,218
EXPENDITURES			
Public safety	20,000	14,585	5,415
Net change in fund balances	-	29,633	29,633
FUND BALANCE, Beginning of year	12,189	12,189	-
FUND BALANCE, End of year	\$ 12,189	\$ 41,822	\$ 29,633

COUNTY OF JACKSON, MICHIGAN
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
EXPENDITURES			
Judicial	10,000	9,808	192
Revenue under expenditures	(3,500)	(3,308)	192
OTHER FINANCING SOURCES			
Transfers in	3,500	3,500	-
Net change in fund balances	-	192	192
FUND BALANCE, Beginning of year	3,417	3,417	-
FUND BALANCE, End of year	\$ 3,417	\$ 3,609	\$ 192

**COUNTY OF JACKSON, MICHIGAN
MICHIGAN JUSTICE TRAINING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 30,000	\$ 94,753	\$ 64,753
Other revenue	50,000	46,690	(3,310)
Total revenue	80,000	141,443	61,443
EXPENDITURES			
Public Safety -			
Employee training	35,000	87,125	(52,125)
Revenue over expenditures	45,000	54,318	9,318
OTHER FINANCING (USES)			
Transfers (out)	(45,000)	(45,000)	-
Net change in fund balances	-	9,318	9,318
FUND BALANCE, Beginning of year	36,801	36,801	-
FUND BALANCE, End of year	\$ 36,801	\$ 46,119	\$ 9,318

COUNTY OF JACKSON, MICHIGAN
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 971,000	\$ 879,611	\$ (91,389)
EXPENDITURES			
Health and welfare	1,000,000	840,863	159,137
Revenue under expenditures	(29,000)	38,748	67,748
OTHER FINANCING SOURCES			
Tranfers in	29,000	29,000	-
Net change in fund balances	-	67,748	67,748
FUND BALANCE, Beginning of year	18,694	\$ 18,694	-
FUND BALANCE, End of year	\$ 18,694	\$ 86,442	\$ 67,748

**COUNTY OF JACKSON, MICHIGAN
VETERAN'S TRUST FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 40,000	\$ 26,959	\$ (13,041)
EXPENDITURES			
Health and welfare	40,000	27,660	12,340
Net change in fund balances	-	(701)	701
FUND BALANCE, Beginning of year	1,871	\$ 1,871	-
FUND BALANCE, End of year	\$ 1,871	\$ 1,170	\$ 701

COUNTY OF JACKSON, MICHIGAN
AIRPORT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits -			
Commercial operating agreements	\$ 12,258	\$ 13,099	\$ 841
Charges for services:			
Landing fees	9,200	8,553	(647)
Aircraft parking	1,000	682	(318)
Interest and rentals:			
Ground leases	69,319	69,320	1
Other leases	47,346	47,346	-
Air traffic control tower rental	45,168	46,316	1,148
Restaurant lease	16,932	16,788	(144)
Other rentals	109,342	108,203	(1,139)
Other:			
Advertising	5,985	5,982	(3)
Utilities reimbursements	13,000	10,319	(2,681)
Aviation fuel flow charges	17,000	15,971	(1,029)
Other	12,779	9,807	(2,972)
Total revenue	359,329	352,386	(6,943)
EXPENDITURES			
Other functions:			
Personnel services	251,160	255,427	(4,267)
Office and administration	2,910	2,710	200
Operating expenses	110,725	110,652	73
Repairs and maintenance	47,750	62,560	(14,810)
Utilities	3,000	3,061	(61)
Capital outlay	200	-	200
Total expenditures	415,745	434,410	(18,665)
Revenue under expenditures	(56,416)	(82,024)	(25,608)
OTHER FINANCING SOURCES (USES)			
Transfers in	78,333	78,333	-
Transfers (out)	(27,890)	(27,890)	-
Total other financing sources (uses)	50,443	50,443	-
Net change in fund balances	(5,973)	(31,581)	(25,608)
FUND BALANCE, Beginning of year	70,741	70,741	-
FUND BALANCE, End of year	\$ 64,768	\$ 39,160	\$ (25,608)

COUNTY OF JACKSON, MICHIGAN
JOINT NARCOTICS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 200,000	\$ 196,188	\$ (3,812)
Interest revenue	-	6,682	6,682
Total revenue	200,000	202,870	2,870
EXPENDITURES			
Judicial	150,000	137,818	12,182
Revenue over expenditures	50,000	65,052	15,052
OTHER FINANCING (USES)			
Transfers (out)	(50,000)	(51,258)	(1,258)
Net change in fund balances	-	13,794	13,794
FUND BALANCE, Beginning of year	210,808	210,808	-
FUND BALANCE, End of year	\$ 210,808	\$ 224,602	\$ 13,794

COUNTY OF JACKSON, MICHIGAN
JAIL MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property taxes	\$ 1,800,000	\$ 1,804,066	\$ 4,066
Other revenue	-	19,614	19,614
Total revenue	1,800,000	1,823,680	23,680
OTHER FINANCING (USES)			
Transfers (out)	(1,800,000)	(1,902,894)	(102,894)
Net change in fund balances	-	(79,214)	(79,214)
FUND BALANCE, Beginning of year	361,905	361,905	-
FUND BALANCE, End of year	\$ 361,905	\$ 282,691	\$ (79,214)

**COUNTY OF JACKSON, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 470,000	\$ 400,830	\$ (69,170)
EXPENDITURES			
Community development	470,000	400,830	69,170
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	- \$	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -

**COUNTY OF JACKSON, MICHIGAN
REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services	\$ 225,000	\$ 219,585	\$ (5,415)
Interest revenue	-	9,936	9,936
Total revenue	225,000	229,521	4,521
EXPENDITURES			
Other functions	225,000	97,221	127,779
Net change in fund balances	-	132,300	132,300
FUND BALANCE, Beginning of year	273,673	273,673	-
FUND BALANCE, End of year	\$ 273,673	\$ 405,973	\$ 132,300

COUNTY OF JACKSON, MICHIGAN
AIRPORT RUNWAY PROJECT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Other revenue	\$ -	-	-
EXPENDITURES			
Other functions	100,000	10,300	89,700
Revenue (under) expenditures	(100,000)	(10,300)	89,700
OTHER FINANCING SOURCES			
Transfers in	100,000	100,000	-
Net change in fund balances	-	89,700	89,700
FUND BALANCE, Beginning of year	348,071	348,071	-
FUND BALANCE, End of year	\$ 348,071	\$ 437,771	\$ 89,700

**COUNTY OF JACKSON, MICHIGAN
MEDICAL CARE FACILITY MAINTENANCE OF EFFORT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Taxes	\$ 525,000	\$ 514,612	\$ (10,388)
Interest and rentals	-	131,889	131,889
Total revenue	525,000	646,501	121,501
EXPENDITURES			
Health and welfare	525,000	314,801	210,199
Net change in fund balances	-	331,700	(88,698)
FUND BALANCE, Beginning of year	3,947,509	3,947,509	-
FUND BALANCE, End of year	\$ 3,947,509	\$ 4,279,209	\$ 331,700

**COUNTY OF JACKSON, MICHIGAN
DEPARTMENT ON AGING MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	\$ 900,000	\$ 903,892	\$ 3,892
Other revenue	-	14,741	14,741
Total revenue	900,000	918,633	18,633
OTHER FINANCING (USES)			
Transfers (out)	(900,000)	(608,974)	291,026
Net change in fund balances	-	309,659	309,659
FUND BALANCE, Beginning of year	26	26	-
FUND BALANCE, End of year	\$ 26	\$ 309,685	\$ 309,659

COUNTY OF JACKSON, MICHIGAN
Balance Sheet
Nonmajor Debt Service Fund
DECEMBER 31, 2005

<u>ASSETS</u>	<u>Building Authority</u>
ASSETS	
Pooled cash and cash equivalents	\$ 304,293
Due from other governments	800,000
<u>TOTAL ASSETS</u>	<u>1,104,293</u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES	
Deferred revenue	800,000
Interest payable	6,786
Total liabilities	806,786
FUND BALANCE	
Unreserved	297,507
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,104,293</u>

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Fund
FOR THE YEAR ENDED DECEMBER 31, 2005

	Building Authority
REVENUE	
Contributions	\$ 1,167,536
Interest and rentals	4,103
	<hr/>
Total revenue	1,171,639
	<hr/>
EXPENDITURES	
Debt Service:	
Principal retirement	275,000
Interest and fiscal charges	539,369
Other	1,095,434
	<hr/>
Total expenditures	1,909,803
	<hr/>
Revenue under expenditures	(738,164)
OTHER FINANCING SOURCES	
Transfers in	922,428
	<hr/>
Net change in fund balance	184,264
FUND BALANCE, Beginning of year	113,243
	<hr/>
FUND BALANCE, End of year	\$ 297,507
	<hr/> <hr/>

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

<u>ASSETS</u>	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
ASSETS					
Pooled cash and cash equivalents	\$ 256,600	\$ 597,323	\$ -	\$ 291,230	\$ 1,145,153
Cash and cash equivalents	-	-	186,241	-	186,241
<u>TOTAL ASSETS</u>	\$ 256,600	\$ 597,323	\$ 186,241	\$ 291,230	\$ 1,331,394
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 21,253	\$ 2,689	\$ 135,495	\$ -	\$ 159,437
FUND BALANCES					
Unreserved:					
Undesignated	235,347	594,634	50,746	291,230	1,171,957
Total fund balance	235,347	594,634	50,746	291,230	1,171,957
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 256,600	\$ 597,323	\$ 186,241	\$ 291,230	\$ 1,331,394

COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

	Sheriff				
	Equipment/ Replacement	Department Equipment	Building Authority	Justice Center	Total
REVENUE					
Intergovernmental	\$ 83,045	\$ 1,070,267	\$ -	\$ -	\$ 1,153,312
Interest and rentals	-	-	2,387	-	2,387
Other	6,403	876,759	2,997	-	886,159
Total revenue	89,448	1,947,026	5,384	-	2,041,858
EXPENDITURES					
Current Operations:					
Capital outlay	912,162	1,333,161	179,703	-	2,425,026
Total expenditures	912,162	1,333,161	179,703	-	2,425,026
Revenue over (under) expenditures	(822,714)	613,865	(174,319)	-	(383,168)
OTHER FINANCING SOURCES (USES)					
Transfers in	226,150	815	298,394	132,334	657,693
Transfers (out)	(6,000)	(448,090)	(478,828)	-	(932,918)
Total other financing sources (uses)	220,150	(447,275)	(180,434)	132,334	(275,225)
Net change in fund balances	(602,564)	166,590	(354,753)	132,334	(658,393)
FUND BALANCE, Beginning of year	837,911	428,044	405,499	158,896	1,830,350
FUND BALANCE, End of year	\$ 235,347	\$ 594,634	\$ 50,746	\$ 291,230	\$ 1,171,957

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

<u>ASSETS</u>	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
ASSETS				
Pooled cash and cash equivalents	\$ 20,045	\$ 105,473	\$ -	\$ 125,518
Cash and cash equivalents	-	-	3,056	3,056
<u>TOTAL ASSETS</u>	\$ 20,045	\$ 105,473	\$ 3,056	\$ 128,574
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 26	\$ -	\$ -	\$ 26
FUND EQUITY				
Unreserved	20,019	105,473	3,056	128,548
Total fund equity	20,019	105,473	3,056	128,548
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 20,045	\$ 105,473	\$ 3,056	\$ 128,574

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
OPERATING REVENUE				
Interest	\$ -	\$ 3,031	\$ -	\$ 3,031
Other revenue - Donations	5,509	-	-	5,509
Total operating revenue	5,509	3,031	-	8,540
OPERATING EXPENSES				
Cost of services	8,782	-	-	8,782
Revenue over (under) expenditures	(3,273)	3,031	-	(242)
FUND BALANCE, Beginning of year	23,292	102,442	3,056	128,790
FUND BALANCE, End of year	\$ 20,019	\$ 105,473	\$ 3,056	\$ 128,548

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
DECEMBER 31, 2005

<u>ASSETS</u>	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 158,511	\$ 312,121	\$ 69,347	\$ 89,592	\$ 629,571
Cash and cash equivalents	424	-	-	-	424
Accounts receivable	16,002	-	-	64,916	80,918
Due from other governments	-	-	-	1,470	1,470
Total current assets	174,937	312,121	69,347	155,978	712,383
Capital assets, net	1,091,988	-	-	4,295	1,096,283
<u>TOTAL ASSETS</u>	1,266,925	312,121	69,347	160,273	1,808,666
LIABILITIES					
Accounts payable	9,158	75	19,774	(2)	29,005
Accrued payroll	2,713	-	-	736	3,449
Performance bonds	-	-	45,375	-	45,375
Due to other governmental units	-	-	-	15,263	15,263
Due to other funds	62,440	-	-	-	62,440
Unearned revenue	13,601	-	-	-	13,601
Compensated absences payable	14,211	-	-	4,709	18,920
Total liabilities (all current)	102,123	75	65,149	20,706	188,053
Net assets					
Invested in capital assets	1,091,988	-	-	4,295	1,096,283
Unrestricted	72,814	312,046	4,198	135,272	524,330
Total Net assets	\$ 1,164,802	\$ 312,046	\$ 4,198	\$ 139,567	\$ 1,620,613

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
OPERATING REVENUE					
Charges for services - interest on taxes	\$ -	\$ -	\$ -	\$ 194,748	\$ 194,748
Charges for services	1,174,506	201,356	70,004	-	1,445,866
Other revenue	38,335	-	-	149,385	187,720
Total operating revenue	1,212,841	201,356	70,004	344,133	1,828,334
OPERATING EXPENSES					
Personnel services	312,091	-	52	56,974	369,117
Cost of services	937,781	-	82,496	-	1,020,277
Depreciation	96,161	-	-	3,183	99,344
Administration and other	23,454	107,519	1,117	337,275	469,365
Total operating expenses	1,369,487	107,519	83,665	397,432	1,958,103
Operating income (loss)	(156,646)	93,837	(13,661)	(53,299)	(129,769)
NON-OPERATING REVENUE (EXPENSES)					
State grants	54,228	-	-	100,183	154,411
Interest income	10,015	-	2,758	6,291	19,064
Interest expense	(5,038)	-	-	-	(5,038)
Total non-operating revenue (expenses)	59,205	-	2,758	106,474	168,437
Net income (loss) before transfers	(97,441)	93,837	(10,903)	53,175	38,668
TRANSFERS IN (OUT)					
Transfers (out)	(1,865)	-	-	(13,727)	(15,592)
Change in net assets	(99,306)	93,837	(10,903)	39,448	23,076
Net assets, beginning of year	1,264,108	218,209	15,101	100,119	1,597,537
Netassets, end of year	\$ 1,164,802	\$ 312,046	\$ 4,198	\$ 139,567	\$ 1,620,613

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 1,089,085	\$ 207,795	\$ 70,729	\$ 109,608	\$ 1,477,217
Other operating receipts	38,335	-	-	149,385	187,720
Cash paid to employees	(317,688)	-	(732)	(53,353)	(371,773)
Cash paid to suppliers	(979,045)	(107,444)	(79,839)	(337,277)	(1,503,605)
Payments for interfund services used	(52,027)	-	-	-	(52,027)
Net cash provided by (used in) operating activities	(221,340)	100,351	(9,842)	(131,637)	(262,468)
Cash flows from capital and related financing activities					
Interest payments on long-term debt	(5,038)	-	-	-	(5,038)
Purchase of capital assets	(44,047)	-	-	-	(44,047)
State grant	54,228	-	-	100,183	154,411
Net cash provided by (used in) capital and related financing activities	5,143	-	-	100,183	105,326
Cash flows from non-capital financing activities					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(1,865)	-	-	(13,727)	(15,592)
Net cash used by non-capital financing activities	(1,865)	-	-	(13,727)	(15,592)
Cash flows from investing activities					
Interest income received	10,015	-	2,758	6,291	19,064
Net increase (decrease) in cash and cash equivalents	(208,047)	100,351	(7,084)	(38,890)	(153,670)
Cash and cash equivalents, beginning of year	366,982	211,770	76,431	128,482	783,665
Cash and cash equivalents, end of year	<u>\$ 158,935</u>	<u>\$ 312,121</u>	<u>\$ 69,347</u>	<u>\$ 89,592</u>	<u>\$ 629,995</u>

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
Balance Sheet Classification of Cash					
Current assets - Cash and cash equivalents	\$ 158,935	\$ 312,121	\$ 69,347	\$ 89,592	\$ 629,995
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (156,646)	\$ 93,837	\$ (13,661)	\$ (53,299)	\$ (129,769)
Depreciation	96,161	-	-	3,183	99,344
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in:					
Accounts receivable	279	6,439	725	(64,916)	(57,473)
Due from other governments	-	-	-	14,434	14,434
Increase (decrease) in:					
Accounts payable	(41,264)	75	18,199	(2)	(22,992)
Accrued wages and benefits	(5,597)	-	(680)	3,621	(2,656)
Accrued expenses	-	-	-	-	-
Performance bonds	-	-	(14,425)	-	(14,425)
Unearned revenue	(85,700)	-	-	-	(85,700)
Due to other agencies	(28,573)	-	-	(34,658)	(63,231)
Net cash provided by (used in) operating activities	<u>\$ (221,340)</u>	<u>\$ 100,351</u>	<u>\$ (9,842)</u>	<u>\$ (131,637)</u>	<u>\$ (262,468)</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
DECEMBER 31, 2005

<u>ASSETS</u>	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
CURRENT ASSETS						
Pooled cash and cash equivalents	\$ 348,399	\$ -	\$ 2,065,951	\$ 26,321	\$ 3,716	\$ 2,444,387
Receivables:						
Accounts	-	14,893	-	-	-	14,893
Deferred charges	-	56,415	-	-	-	56,415
Prepaid expenses	49,422	33	235,910	-	-	285,365
<u>TOTAL ASSETS</u>	397,821	71,341	2,301,861	26,321	3,716	2,801,060
LIABILITIES						
Estimated claims payable	174,024	-	737,755	-	-	911,779
Accounts payable	-	19,497	1,905	-	-	21,402
Due to other funds	-	51,844	-	-	-	51,844
Total liabilities, all current	174,024	71,341	739,660	-	-	985,025
NET ASSETS						
Unrestricted	\$ 223,797	\$ -	\$ 1,562,201	\$ 26,321	\$ 3,716	\$ 1,816,035

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
OPERATING REVENUE						
Charges for services	\$ 56,542	\$ 235,584	\$ 8,797,892	\$ -	\$ -	\$ 9,090,018
OPERATING EXPENSES						
Cost of services	94,942	86,015	8,379,002	-	-	8,559,959
General and administrative	122,807	35,000	333,674	30	-	491,511
Depreciation	-	211,218	-	-	-	211,218
Total operating expenses	217,749	332,233	8,712,676	30	-	9,262,688
Operating income (loss)	(161,207)	(96,649)	85,216	(30)	-	(172,670)
NON-OPERATING REVENUE						
Interest revenue	12,248	-	62,732	-	-	74,980
Total non-operating revenue	12,248	-	62,732	-	-	74,980
Net income (loss) before transfers	(148,959)	(96,649)	147,948	(30)	-	(97,690)
TRANSFERS						
Transfers in	-	-	-	-	-	-
Transfers (out)	(64,769)	-	(112,022)	-	-	(176,791)
Total operating transfers	(64,769)	-	(112,022)	-	-	(176,791)
Change in net assets	(213,728)	(96,649)	35,926	(30)	-	(274,481)
Net assets, beginning of year	437,525	96,649	1,526,275	26,351	3,716	2,090,516
Net assets, end of year	\$ 223,797	\$ -	\$ 1,562,201	\$ 26,321	\$ 3,716	\$ 1,816,035

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 56,542	\$ 214,602	\$ 9,198,430	\$ -	\$ -	\$ 9,469,574
Cash paid to employees, suppliers and claimants	(206,335)	(214,630)	(8,613,280)	(8,475)	-	(9,042,720)
Net cash provided by (used in) operating activities	(149,793)	(28)	585,150	(8,475)	-	426,854
Cash flows from non-capital financing activities						
Transfers to other funds	(64,769)	-	(112,022)	-	-	(176,791)
Cash flows from investing activities						
Interest income received	12,248	-	62,732	-	-	74,980
Net increase (decrease) in cash and cash equivalents	(202,314)	(28)	535,860	(8,475)	-	325,043
Cash and cash equivalents, beginning of year	550,713	28	1,530,091	34,796	3,716	2,119,344
Cash and cash equivalents, end of year	<u>\$ 348,399</u>	<u>\$ -</u>	<u>\$ 2,065,951</u>	<u>\$ 26,321</u>	<u>\$ 3,716</u>	<u>\$ 2,444,387</u>

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2005

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 348,399	\$ -	\$ 2,065,951	\$ 26,321	\$ 3,716	\$ 2,444,387
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (161,207)	\$ (96,649)	\$ 85,216	\$ (30)	\$ -	\$ (172,670)
Depreciation expense	-	211,218	-	-	-	211,218
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
(Increase) decrease in:						
Accounts receivable	-	27,836	-	-	-	27,836
Deferred charges	-	(56,415)	-	-	-	(56,415)
Prepaid items	-	7,597	400,538	-	-	408,135
Increase (decrease) in:						
Accounts payable	11,414	4,870	99,396	(8,445)	-	107,235
Due to other funds	-	(98,485)	-	-	-	(98,485)
Net cash provided by (used in) operating activities	\$ (149,793)	\$ (28)	\$ 585,150	\$ (8,475)	\$ -	\$ 426,854

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

<u>ASSETS</u>	Trust and Agency	Library	District Court BONDS	Circuit Court Trust	Delinquent Tax/Incinerator Contingency	Region II Planning Commission	Lifeways	Total
ASSETS								
Pooled cash and cash equivalents	\$ 2,067,674	\$ 33,159	\$ -	\$ 134,006	\$ 1,085,000	\$ -	\$ 8,961,729	\$ 12,281,568
Cash and cash equivalents	-	-	122,028	178,436	-	-	-	300,464
Accounts receivable	72,410	-	-	-	-	-	-	72,410
<u>TOTAL ASSETS</u>	\$ 2,140,084	\$ 33,159	\$ 122,028	\$ 312,442	\$ 1,085,000	\$ -	\$ 8,961,729	\$ 12,654,442
<u>LIABILITIES</u>								
LIABILITIES								
Undistributed fees/collections	\$ 1,865,599	\$ -	\$ -	\$ 113,047	\$ 1,085,000	\$ -	\$ -	\$ 3,063,646
Due to other governments	223,794	33,159	-	-	-	-	8,961,729	9,218,682
Escrow payable	-	-	62,627	178,436	-	-	-	241,063
Bonds payable	50,691	-	59,401	20,959	-	-	-	131,051
<u>TOTAL LIABILITIES</u>	\$ 2,140,084	\$ 33,159	\$ 122,028	\$ 312,442	\$ 1,085,000	\$ -	\$ 8,961,729	\$ 12,654,442

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1, 2005		Additions		Deductions		Balance December 31, 2005
<u>TRUST AND AGENCY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 2,088,238	\$	64,048,769	\$	64,069,333	\$	2,067,674
Accounts receivable	57,495		495,604		480,689		72,410
	\$ 2,145,733	\$	64,544,373	\$	64,550,022	\$	2,140,084
LIABILITIES							
Undistributed fees/collections	\$ 1,840,852	\$	56,769,959	\$	56,745,212	\$	1,865,599
Due to other governments	212,190		7,733,413		7,721,809		223,794
Bonds payable	92,691		41,000		83,000		50,691
	\$ 2,145,733	\$	64,544,372	\$	64,550,021	\$	2,140,084
Total liabilities							
<u>LIBRARY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 44,342	\$	539,172	\$	550,355	\$	33,159
LIABILITIES							
Undistributed fees/collections	\$ 44,342	\$	539,172	\$	550,355	\$	33,159

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**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
<u>DISTRICT COURT BONDS:</u>				
ASSETS				
Cash	\$ 130,734	\$ 736,532	\$ 745,238	\$ 122,028
LIABILITIES				
Escrow payable	\$ 91,712	\$ 531,698	\$ 560,783	\$ 62,627
Bonds payable	39,022	204,834	184,455	59,401
Total liabilities	\$ 130,734	\$ 736,532	\$ 745,238	\$ 122,028

CIRCUIT COURT TRUST FUND:

ASSETS				
Pooled cash and cash equivalents	\$ 137,826	\$ 684,111	\$ 687,931	\$ 134,006
Cash and cash equivalents	5,000	173,436	-	178,436
Total assets	\$ 142,826	\$ 857,547	\$ 687,931	\$ 312,442
LIABILITIES				
Undistributed fees/collections	\$ 127,092	\$ 630,461	\$ 644,506	\$ 113,047
Escrow payable	5,000	173,436	-	178,436
Bonds payable	10,734	53,650	43,425	20,959
Total liabilities	\$ 142,826	\$ 857,547	\$ 687,931	\$ 312,442

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**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1, 2005		Additions		Deductions		Balance December 31, 2005
<hr/>							
<u>DELINQUENT TAX/ INCINERATOR CONTINGENCY:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 1,800,000	\$	-	\$	715,000	\$	1,085,000
<hr/>							
LIABILITIES							
Undistributed fees/collections	\$ 1,800,000	\$	-	\$	715,000	\$	1,085,000
<hr/>							
<u>REGION II PLANNING COMMISSION</u>							
ASSETS							
Pooled cash and cash equivalents	\$ -	\$	459,622	\$	459,622	\$	-
<hr/>							
LIABILITIES							
Due to other governments	\$ -	\$	459,622	\$	459,622	\$	-
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**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1, 2005		Additions		Deductions		Balance December 31, 2005
<hr/>							
<u>Lifeways</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 9,713,709	\$	-	\$	751,980	\$	8,961,729
<hr/>							
LIABILITIES							
Due to other governments	\$ 9,713,709	\$	-	\$	751,980	\$	8,961,729
<hr/>							
<u>TOTALS-ALL AGENCY FUNDS</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 13,784,115	\$	65,731,674	\$	67,234,221	\$	12,281,568
Cash and cash equivalents	135,734		909,968		745,238		300,464
Accounts receivable	57,495		495,604		480,689		72,410
<hr/>							
Total assets	\$ 13,977,344	\$	67,137,246	\$	68,460,148	\$	12,654,442
<hr/>							
LIABILITIES							
Undistributed fees/collections	\$ 3,812,286	\$	57,939,592	\$	58,655,073	\$	3,096,805
Due to other governments	9,925,899		8,193,035		8,933,411		9,185,523
Escrow payable	96,712		705,134		560,783		241,063
Bonds payable	142,447		299,484		310,880		131,051
<hr/>							
Total liabilities	\$ 13,977,344	\$	67,137,245	\$	68,460,147	\$	12,654,442
<hr/>							

COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Health and Welfare:				
Administration	\$ 442,533	\$ 479,739	\$ 681,777	\$ (202,038)
Health Education	205,971	219,926	215,057	4,869
Emergency Preparedness	11,132	191,700	156,902	34,798
Environmental	885,371	907,461	863,088	44,373
Nursing	595,117	618,357	604,583	13,774
Immunizations	227,823	262,432	254,528	7,904
Early On	162,693	168,154	164,654	3,500
Sexually Transmitted Diseases	114,326	125,141	120,335	4,806
Infant Mortality and Prevention	47,438	104,030	107,507	(3,477)
CSHCS Outreach and Advocacy	68,404	73,983	73,067	916
Hearing and Vision	98,836	101,796	94,330	7,466
Family Planning	9,390	-	94	(94)
Women, Infants and Children	494,877	537,741	491,992	45,749
AIDS Counseling and Testing	34,957	37,301	29,487	7,814
Tobacco Reduction Coalition	13,251	19,734	16,511	3,223
Immunization Action Plan	77,524	82,286	76,751	5,535
Car Seat Rental Program	69,481	69,788	66,021	3,767
Total Health and Welfare expenditures	\$3,559,124	\$3,999,569	\$4,016,684	\$ (17,115)

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2005

	Governmental				
	Debt Service Funds				
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn	Clark Lake Drain
<u>ASSETS</u>					
CURRENT ASSETS					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	-	274	1,524	-	40,133
Special assessments receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	-
Capital assets, net of depreciation	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ 40,133</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advance from primary government	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Long-term debt					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for debt service	-	274	1,524	-	40,133
Reserved for construction	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL FUND BALANCES</u>	<u>-</u>	<u>274</u>	<u>1,524</u>	<u>-</u>	<u>40,133</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ 40,133</u>

Activities

			Capital Project Funds		
Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Village of Brooklyn	Wolf Lake Section
\$ -	\$ -	\$ -	\$ 3,716	\$ 98,805	\$ 306
70,000	188	11,165	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 70,000	\$ 188	\$ 11,165	\$ 3,716	\$ 98,805	\$ 306
\$ -	\$ -	\$ -	\$ 32	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	32	-	-
70,000	188	11,165	3,684	-	-
-	-	-	-	98,805	306
70,000	188	11,165	3,684	98,805	306
\$ 70,000	\$ 188	\$ 11,165	\$ 3,716	\$ 98,805	\$ 306

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2005

	Governmental				
	Capital Project Funds				
<u>ASSETS</u>	<u>Napoleon Village Section</u>	<u>Clark Lake Sewer</u>	<u>Lake Columbia Section</u>	<u>Drain Districts</u>	<u>Drain Revolving</u>
CURRENT ASSETS					
Pooled cash and cash equivalents	\$ 11	\$ -	\$ 3,940,420	\$ 1,052,309	\$ 59,189
Cash and cash equivalents	-	-	-	-	-
Special assessments receivable	-	-	-	115,041	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	140,811
Capital assets, net of depreciation	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3,940,420</u>	<u>\$ 1,167,350</u>	<u>\$ 200,000</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 421,222	\$ 4,155	\$ -
Due to other funds	-	-	-	140,811	-
Advance from primary government	-	-	-	-	200,000
Deferred revenue	-	-	-	115,041	-
Long-term debt					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>421,222</u>	<u>260,007</u>	<u>200,000</u>
FUND BALANCES					
Reserved for debt service	-	-	-	-	-
Reserved for construction	11	-	3,519,198	907,343	-
<u>TOTAL FUND BALANCES</u>	<u>11</u>	<u>-</u>	<u>3,519,198</u>	<u>907,343</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3,940,420</u>	<u>\$ 1,167,350</u>	<u>\$ 200,000</u>

Net assets:
Invested in capital assets, net of related debt
Restricted for construction

Activities

Lake Level Districts	Lake Level Revolving	Total Governmental Funds	Adjustments	Statement of Activities
\$ 84,935	\$ 8,638	\$ 5,248,329	\$ -	\$ 5,248,329
-	-	123,284	-	123,284
-	-	115,041	-	115,041
-	-	-	23,013,032	23,013,032
-	1,362	142,173	(142,173)	-
-	-	-	4,869,781	4,869,781
\$ 84,935	\$ 10,000	\$ 5,628,827	\$ 27,740,640	\$ 33,369,467

\$ -	\$ -	\$ 425,409	\$ -	\$ 425,409
1,362	-	142,173	(142,173)	-
-	10,000	210,000	-	210,000
-	-	115,041	-	115,041
-	-	-	1,550,000	1,550,000
-	-	-	21,590,000	21,590,000
1,362	10,000	892,623	22,997,827	23,890,450

-	-	126,968
83,573	-	4,609,236
83,573	-	4,736,204
\$ 84,935	\$ 10,000	\$ 5,628,827

\$ 4,869,781	\$ 4,869,781
4,609,236	4,609,236
\$ 9,479,017	\$ 9,479,017

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2005

Fund balances - Governmental Funds	\$ 4,736,204
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,869,781
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	23,013,032
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	<u>(23,140,000)</u>
Net assets of governmental activities	<u>\$ 9,479,017</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Debt Service Funds				
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn	Clark Lake Drain
REVENUE					
Intergovernmental revenue	\$ 164,500	\$ 28,545	\$ 63,143	\$ 139,163	\$ 687,713
Interest and rentals	-	-	-	-	676
Total revenue	164,500	28,545	63,143	139,163	688,389
EXPENDITURES/EXPENSES					
Public works	-	-	63,143	-	400
Depreciation expense	-	-	-	-	-
Debt Service:					
Principal	135,000	20,000	-	75,000	520,000
Interest	29,500	8,545	5,076	64,163	166,913
Total expenditures/expenses	164,500	28,545	68,219	139,163	687,313
Revenue over (under) expenditures	-	-	(5,076)	-	1,076
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Transfers out	-	-	-	-	-
Transfers in	-	-	6,600	-	-
Total other financing sources (uses)	-	-	6,600	-	-
Net change in fund balances	-	-	1,524	-	1,076
Change in net assets					
Fund balances/net assets					
Beginning of year, as restated	-	274	-	-	39,057
End of year	\$ -	\$ 274	\$ 1,524	\$ -	\$ 40,133

Governmental Activities

			Capital Project Funds		
Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Village of Brooklyn	Wolf Lake Section
\$ 364,088	\$ 98,437	\$ 521,244	\$ -	\$ -	\$ 93,810
11,545	-	-	4,651	2,839	824
375,633	98,437	521,244	4,651	2,839	94,634
1,132,752	-	-	474,367	-	96,485
-	-	-	-	-	-
250,000	50,000	-	-	-	-
228,175	48,400	510,079	-	-	-
1,610,927	98,400	510,079	474,367	-	96,485
(1,235,294)	37	11,165	(469,716)	2,839	(1,851)
-	-	-	480,000	-	-
-	-	-	(6,600)	-	-
-	-	-	-	-	-
-	-	-	473,400	-	-
(1,235,294)	37	11,165	3,684	2,839	(1,851)
1,305,294	151	-	-	95,966	2,157
\$ 70,000	\$ 188	\$ 11,165	\$ 3,684	\$ 98,805	\$ 306

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Activities				
	Capital Project Funds				
	Napoleon Village Section	Clark Lake Sewer	Lake Columbia Section	Drain Districts	Drain Revolving
REVENUE					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 345,165	\$ -
Interest and rentals	-	-	170,607	32,012	-
Total revenue	-	-	170,607	377,177	-
EXPENDITURES/EXPENSES					
Public works	-	400	4,641,683	276,272	-
Depreciation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures/expenses	-	400	4,641,683	276,272	-
Revenue over (under) expenditures	-	(400)	(4,471,076)	100,905	-
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	(400)	(4,471,076)	100,905	-
Change in net assets					
Fund balances/net assets					
Beginning of year, as restated	11	400	7,990,274	806,438	-
End of year	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3,519,198</u>	<u>\$ 907,343</u>	<u>\$ -</u>

Lake Level Districts	Lake Level Revolving	Total	Adjustments	Statement of Activities	
\$ (1,641)	\$ -	\$ 2,504,167	\$ 647,808	\$ 3,151,975	
2,824	-	225,978	-	225,978	
1,183	-	2,730,145	647,808	3,377,953	
8,657	-	6,694,159	(353,096)	6,341,063	
-	-	-	201,188	201,188	
-	-	1,050,000	(1,050,000)	-	
-	-	1,060,851	-	1,060,851	
8,657	-	8,805,010	(1,201,908)	7,603,102	
(7,474)	-	(6,074,865)	(1,849,716)		
-	-	480,000	(480,000)		
-	-	(6,600)	6,600		
-	-	6,600	(6,600)		
-	-	480,000	(480,000)		
(7,474)	-	(5,594,865)	5,594,865		
			(4,225,149)	(4,225,149)	
91,047	-	10,331,069	3,373,097	13,704,166	
\$ 83,573	\$ -	\$ 4,736,204	4,742,813	9,479,017	

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - Governmental funds	\$ (5,594,865)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Infrastructure additions	353,096
Deduct - depreciation expense	(201,188)

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not

Debt assessments paid in current year	647,808
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The issuance of bonds payable provide current financial resources. These transactions do not effect net assets and are therefore eliminated

Issuance of bonds payable	(480,000)
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Repayment of debt principal is an expenditure in the funds but not in the statement of activities

Bond payments	1,050,000
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Change in net assets of governmental activities	\$ (4,225,149)
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**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET
 DECEMBER 31, 2005**

	<u>Governmental</u>			
	<u>Debt Service Funds</u>			
	<u>Village of Springport</u>	<u>Spring Arbor #10</u>	<u>Summit #8</u>	<u>Village of Parma - Revolving</u>
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	71	-	-	-
Due from other governmental units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 71</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	-
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	71	-	-	-
Reserved for construction	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u><u>71</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u><u>\$ 71</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Activities

						Capital Project Funds	
Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Village of Parma - Revolving	Village of Parma - LDFA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,739	\$ 8,019
-	-	3,207	385,657	8,805	11,049	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ 385,657</u>	<u>\$ 8,805</u>	<u>\$ 11,049</u>	<u>\$ 23,739</u>	<u>\$ 8,019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,945	\$ -
-	-	-	-	-	11,049	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,049	19,945	-
-	-	3,207	385,657	8,805	-	-	-
-	-	-	-	-	-	3,794	8,019
-	-	3,207	385,657	8,805	-	3,794	8,019
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ 385,657</u>	<u>\$ 8,805</u>	<u>\$ 11,049</u>	<u>\$ 23,739</u>	<u>\$ 8,019</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2005

	<u>Governmental</u>			
	<u>Capital Project Funds</u>			
	<u>Village of Grass Lake - Revolving</u>	<u>Grass Lake Section</u>	<u>Vineyard Lake Area Section</u>	<u>Round/ Farewell Lake Section</u>
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 54,101	\$ 56,134	\$ 358,300	\$ 2,437,555
Cash and cash equivalents	-	-	-	-
Due from other governmental units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 54,101</u></u>	<u><u>\$ 56,134</u></u>	<u><u>\$ 358,300</u></u>	<u><u>\$ 2,437,555</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 405	\$ 137,160
Accrued interest payable	-	-	-	-
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>405</u>	<u>137,160</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	54,101	56,134	357,895	2,300,395
	<u>54,101</u>	<u>56,134</u>	<u>357,895</u>	<u>2,300,395</u>
Total fund balances	<u><u>54,101</u></u>	<u><u>56,134</u></u>	<u><u>357,895</u></u>	<u><u>2,300,395</u></u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>				
	<u><u>\$ 54,101</u></u>	<u><u>\$ 56,134</u></u>	<u><u>\$ 358,300</u></u>	<u><u>\$ 2,437,555</u></u>
Net assets:				
Restricted for construction				
Unrestricted				

Activities

<u>Southern Regional Interceptor</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 3,986,434	\$ 6,924,282	\$ -	\$ 6,924,282
-	408,789	-	408,789
-	-	19,207,260	19,207,260
<u>\$ 3,986,434</u>	<u>\$ 7,333,071</u>	<u>\$ 19,207,260</u>	<u>\$ 26,540,331</u>

\$ 4,200	161,710	-	161,710
-	11,049	-	11,049
-	-	715,000	715,000
-	-	18,890,000	18,890,000
<u>4,200</u>	<u>172,759</u>	<u>19,605,000</u>	<u>19,777,759</u>

-	397,740	(397,740)	-
3,982,234	6,762,572	(6,762,572)	-
<u>3,982,234</u>	<u>7,160,312</u>	<u>(7,160,312)</u>	<u>-</u>

<u>\$ 3,986,434</u>	<u>\$ 7,333,071</u>
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\$ 6,762,572	\$ 6,762,572
-	-
<u>\$ 6,762,572</u>	<u>\$ 6,762,572</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2005

Fund balances - Governmental Funds	\$ 7,160,312
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	19,207,260
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	<u>(19,605,000)</u>
Net assets of governmental activities	<u><u>\$ 6,762,572</u></u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental			
	Village of Springport	Spring Arbor #10	Summit #8	Village of Parma - Revolving
REVENUE				
Intergovernmental	\$ -	\$ -	\$ -	\$ 69,938
Interest and rentals	-	-	-	-
Total revenue	-	-	-	69,938
EXPENDITURES/EXPENSES				
Current operations:				
Public works	-	209	162	-
Debt Service:				
Principal retirement	-	-	-	45,000
Interest and fiscal charges	-	-	-	24,938
Total expenditures/expenses	-	209	162	69,938
Revenue over (under) expenditures	-	(209)	(162)	-
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Discount on bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(209)	(162)	-
Change in net assets				
Fund balances/net assets				
Beginning of year, as restated	71	209	162	-
End of year	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Activities

Debt Service Funds						Capital Project Funds	
Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Village of Parma - Revolving	Village of Parma - LDFA
\$ 118,825	\$ 143,000	\$ 48,793	\$ 479,925	\$ 91,988	\$ -	\$ -	\$ -
-	-	-	(48)	-	-	682	237
118,825	143,000	48,793	479,877	91,988	-	682	237
-	-	-	-	-	-	-	413
50,000	90,000	25,000	250,000	-	-	-	-
68,825	53,000	23,793	229,925	83,183	-	-	-
118,825	143,000	48,793	479,925	83,183	-	-	413
-	-	-	(48)	8,805	-	682	(176)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(48)	8,805	-	682	(176)
-	-	3,207	385,705	-	-	3,112	8,195
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ 385,657</u>	<u>\$ 8,805</u>	<u>\$ -</u>	<u>\$ 3,794</u>	<u>\$ 8,019</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Activities				
	Capital Project Funds				
	Village of Grass Lake - Revolving	Grass Lake Section	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor
REVENUE					
Intergovernmental	\$ -	\$ -	\$ -	\$ 134,397	\$ 134,542
Interest and rentals	1,555	1,613	13,981	82,773	6,613
Total revenue	1,555	1,613	13,981	217,170	141,155
EXPENDITURES/EXPENSES					
Current operations:					
Public works	-	-	542,849	1,802,651	761,880
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures/expenses	-	-	542,849	1,802,651	761,880
Revenue over (under) expenditures	1,555	1,613	(528,868)	(1,585,481)	(620,725)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	3,900,000	4,600,000
Discount on bonds	-	-	-	(14,290)	(46,000)
Total other financing sources (uses)	-	-	-	3,885,710	4,554,000
Net change in fund balances	1,555	1,613	(528,868)	2,300,229	3,933,275
Change in net assets					
Fund balances/net assets					
Beginning of year, as restated	52,546	54,521	886,763	166	48,959
End of year	<u>\$ 54,101</u>	<u>\$ 56,134</u>	<u>\$ 357,895</u>	<u>\$ 2,300,395</u>	<u>\$ 3,982,234</u>

Total	Adjustments	Statement of Activities
\$ 1,221,408	\$ 8,031,614	\$ 9,253,022
107,406	-	107,406
1,328,814	8,031,614	9,360,428
3,108,164	-	3,108,164
460,000	(460,000)	-
483,664	60,290	543,954
4,051,828	(399,710)	3,652,118
(2,723,014)	8,431,324	
8,500,000	(8,500,000)	
(60,290)	60,290	
8,439,710	(8,439,710)	
5,716,696	(5,716,696)	
	5,708,310	5,708,310
1,443,616	(389,354)	1,054,262
\$ 7,160,312	\$ (397,740)	\$ 6,762,572

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - Governmental funds	\$ 5,716,696
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Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report payments received by other municipalities for
principal debt service as revenue, but the statement of activities does not
Debt assessments paid in current year

8,031,614

The issuance of bonds payable provide current financial resources. These
transactions do not effect net assets and are therefore eliminated

Issuance of bonds payable

(8,500,000)

Repayment of debt principal is an expenditure in the funds but not in the statement
of activities:

Bond payments

460,000

Change in net assets of governmental activities

\$ 5,708,310

STATISTICAL SECTION

**COUNTY OF JACKSON
GENERAL HISTORY
GENERAL GOVERNMENTAL REVENUE BY SOURCE
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 1

<u>YEAR ENDED</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>INTEREST AND RENTALS</u>	<u>MISC.</u>	<u>TOTAL GENERAL REVENUE</u>
1996	\$ 11,964,554	\$ 103,557	\$ 6,868,029	\$ 4,559,150	\$ 668,044	\$ 1,507,993	\$ 553,765	\$ 26,225,092
1997	12,537,197	103,816	7,936,127	4,862,552	866,749	1,483,054	658,084	28,447,579
1998	13,234,779	91,625	8,061,099	4,912,229	1,010,103	1,413,087	566,427	29,289,349
1999	13,977,590	91,634	8,707,526	5,491,139	1,063,425	1,490,493	790,749	31,612,556
2000	14,622,089	78,712	9,434,716	5,256,761	1,039,653	1,870,847	728,456	33,031,234
2001	15,201,115	118,893	9,815,117	5,438,137	1,266,969	1,568,806	720,810	34,129,847
2002	15,946,600	98,020	9,516,797	6,340,523	1,220,720	1,085,480	895,325	35,103,465
2003	17,015,900	101,723	9,067,839	7,086,481	1,129,809	1,091,967	679,688	36,173,407
2004	17,956,661	138,631	8,026,159	6,837,104	1,066,752	1,561,669	756,016	36,342,992
2005	19,398,287	140,166	6,181,855 ¹	6,573,634	906,658	1,470,154	1,382,861	36,053,615

NOTE:

General Revenue reported above includes revenue of the General Fund only. Transfers In have been excluded from all years.

¹ - In 2004 the State of Michigan enacted PA 357 which provides a funding mechanism to serve as a substitui to county revenue sharing payments. This substitute funding mechanism involves a gradual shift of county tax millage from a winter tax levy to a summer tax levy and additionally, requires the establishment of a restricted fund to be known as the Revenue Sharing Reserve Fund. Historically, State Revenue Sharing was classified as "Intergovernmental". "Intergovernmental" revenue.

The amount transferred into the General Fund from the Reserve Fund in 2005 was \$3,000,000. This amount has been classified as a "transfer".

Additionally, the tax shift as mentioned above resulted in a higher tax revenue for 2005 as a result of the shift.

**COUNTY OF JACKSON
GENERAL HISTORY
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 2

<u>YEAR ENDED</u>	<u>LEGISLATIVE</u>	<u>JUDICIAL</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HEALTH AND WELFARE</u>	<u>OTHER FUNCTIONS</u>	<u>TOTAL GENERAL EXPENDITURES</u>
1996	\$ 244,557	\$ 4,498,154	\$ 7,182,249	\$ 6,644,654	\$ 1,368,697	\$ 2,329,298	\$ 22,267,609
1997	260,472	4,558,700	7,452,935	7,008,432	1,457,530	2,782,732	23,520,801
1998	259,006	4,685,135	7,503,499	7,088,900	1,587,159	3,001,722	24,125,421
1999	266,727	4,820,421	8,375,989	7,466,915	1,741,198	3,091,414	25,762,664
2000	267,897	4,982,501	8,567,683	8,051,054	2,122,467	3,688,359	27,679,961
2001	287,753	5,349,160	9,027,833	8,620,557	2,425,332	4,318,101	30,028,736
2002	275,223	5,643,113	9,707,292	8,954,086	2,319,172	5,530,806	32,429,692
2003	206,663	6,005,642	9,673,984	9,839,612	2,372,338	4,661,422	32,759,661
2004	212,660	5,791,244	10,101,306	11,684,741	2,417,480	5,325,529	35,532,960
2005	214,972	5,820,832	9,811,231	11,869,900	2,868,936	5,427,521	36,013,392

NOTE:

General Expenditures reported above include expenditures of the General Fund only. Operating Transfers Out have been excluded from all years.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
ASSESSED AND STATE EQUALIZED VALUE OF TAXABLE PROPERTY
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 3

YEAR OF REVENUE RECOGNITION	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		RATIO OF TOTAL ASSESSED TO STATE EQUALIZED VALUE
	ASSESSED VALUE	STATE EQUALIZED VALUE	ASSESSED VALUE	STATE EQUALIZED VALUE	ASSESSED VALUE	STATE EQUALIZED VALUE	
1996	\$ 1,929,769,670	\$ 1,929,769,670	\$ 270,454,514	\$ 270,454,514	\$ 2,200,224,184	\$ 2,200,224,184	1 to 1
1997	2,139,381,449	2,139,381,449	279,133,697	279,133,697	2,418,515,146	2,418,515,146	1 to 1
1998	2,370,818,923	2,370,818,923	294,598,117	294,598,117	2,665,417,040	2,665,417,040	1 to 1
1999	2,693,096,305	2,693,096,305	303,867,864	303,867,864	2,996,964,169	2,996,964,169	1 to 1
2000	2,947,488,001	2,947,488,001	327,392,703	327,392,703	3,274,880,704	3,274,880,704	1 to 1
2001	3,316,980,620	3,316,980,620	309,319,884	309,319,884	3,626,300,504	3,626,300,504	1 to 1
2002	3,647,526,012	3,647,526,012	360,141,601	360,141,601	4,007,667,613	4,007,667,613	1 to 1
2003	4,083,975,053	4,083,975,053	359,493,126	359,493,126	4,443,468,179	4,443,468,179	1 to 1
2004	4,604,718,439	4,604,809,154	358,562,695	358,562,695	4,963,281,134	4,963,371,849	1 to 1
2005	4,874,328,628	4,874,235,563	359,808,321	359,808,321	5,234,136,949	5,234,043,884	1 to 1

NOTE:

Property Taxes are levied on December 1 of each year. Property taxes are recognized as revenue by the County of Jackson in the year following the year of levy. Michigan Constitution and Statutes provide that property is to be assessed and equalized at fifty percent of its fair market value.

COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)
TABLE 4

<u>FISCAL YEAR ENDED :</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COUNTY - OPERATING	5.6198	5.6198	5.5883	5.5626	5.4819	5.4194	5.3559	5.2734	5.2022	5.1471
MED. CARE FAC.	0.1500	0.1500	0.1492	0.1492	0.1500	0.1482	0.1465	0.1442	0.1422	0.1406
JAIL								0.5000	0.4932	0.4879
SENIOR SERVICES									0.2500	0.2488
TOTAL COUNTY	5.7698	5.7698	5.7375	5.7118	5.6319	5.5676	5.5024	5.9176	6.0876	6.0244
JACKSON DISTRICT LIBRARY	0.9445	0.9445	0.9392	0.9344	0.9208	0.9102	0.8995	0.8556	0.8736	0.8682
TOWNSHIPS:										
BLACKMAN	3.0000	3.0000	2.9613	2.9613	2.9183	2.8710	2.8448	2.7696	2.8593	2.8549
COLUMBIA	2.3699	2.3699	2.2869	3.2779	3.2751	3.2751	3.2392	3.1654	3.1210	3.0704
CONCORD	1.9651	1.9651	1.9341	1.9445	1.8945	1.8556	1.8386	1.8822	1.8447	1.8398
GRASS LAKE	2.3582	2.3582	2.3101	2.2720	2.2301	2.1589	2.1119	2.0789	2.3752	2.0152
HANOVER	1.9205	1.9205	1.9237	1.9080	1.9208	1.8521	1.8372	1.7780	1.7507	1.7255
HENRIETTA	0.9254	0.9254	0.9019	0.8845	0.8630	0.8481	0.8266	0.8164	0.8022	0.7899
LEONI	2.1883	2.1883	2.1681	2.1534	2.1323	2.1040	2.1040	2.0424	2.0147	1.9477
LIBERTY	0.8865	0.8865	0.8624	0.8527	0.8273	0.8175	0.7994	0.7854	0.7749	0.7642
NAPOLEON	0.9046	0.9046	0.9018	0.8501	0.8407	2.5423	1.8651	2.0669	2.1680	2.0366
NORVELL	0.9053	0.9053	0.8946	1.8396	0.8688	0.8204	0.8434	1.9726	1.9436	1.8512
PARMA	1.0000	1.0000	1.0000	0.9592	0.9503	0.9344	0.9270	0.9079	0.8992	0.8805
PULASKI	0.9902	0.9902	1.4767	1.4678	1.4469	1.3183	1.2976	1.2841	1.2634	1.1998
RIVES	0.9151	0.9151	0.8636	0.8603	0.8459	0.8351	0.8224	0.8196	0.8045	0.7875
SANDSTONE	0.9108	0.9108	0.8972	0.8972	0.8820	0.8735	0.8534	0.8492	0.8231	0.8231
SPRING ARBOR	0.9649	0.9649	0.9552	0.9525	0.9483	0.9400	2.0127	1.9852	1.9544	1.9312
SPRINGPORT	2.9098	2.9098	5.4340	5.4340	5.3883	2.1695	4.2992	0.0873	5.7618	5.7409
SUMMIT	0.8885	0.8885	0.8877	0.8839	0.8720	0.8611	0.8536	0.8434	0.8343	0.8272
TOMPKINS	0.9530	0.9530	0.9452	0.9376	0.9314	0.9265	0.9201	0.9144	0.9086	0.9086
WATERLOO	1.9935	1.9935	0.9837	1.9651	1.9264	1.8899	1.9216	1.8416	1.7663	1.7551
CITY OF JACKSON	16.3500	16.3500	16.3500	16.3000	14.5426	13.0225	15.5718	15.2982	15.7482	15.8785
VILLAGES:										
BROOKLYN	10.0000	10.0000	14.3500	13.9200	14.6320	14.7150	12.0490	7.3665	10.4422	11.4644
CEMENT CITY	8.3400	8.1023	9.3177	9.0037	9.3912	9.2606	9.1715	9.0650	8.9235	9.9770
CONCORD	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000
GRASS LAKE	9.6288	9.3938	9.3938	9.3938	8.4286	8.4286	8.3511	8.8149	8.0007	7.9414
HANOVER	6.7791	8.6401	8.3204	8.3204	8.3204	8.3204	8.3204	8.3024	8.0324	8.3024
PARMA	10.7958	10.7929	5.7749	5.3198	5.2214	5.1200	5.1200	5.1200	4.3860	4.9786
SPRINGPORT	17.7318	18.4171	18.0502	17.3331	17.8655	12.3327	19.0053	18.5477	17.8835	17.4205

Note: Millage rates are stated in dollars per one thousand of state-equalized or taxable valuation. Year shown is based on County's year of revenue recognition.

COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)

TABLE 4 (continued)

<u>FISCAL YEAR ENDED :</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
LOCAL SCHOOL DISTRICTS:										
ADDISON	18.0000	18.0000	18.0000	18.0000	17.6184	16.8519	24.0000	18.0000	18.0000	18.0000
ALBION	22.9000	22.9000	22.3000	22.4000	22.6500	22.7800	22.6100	21.7000	22.4760	22.2100
CHELSEA	26.0000	26.0000	26.0000	25.9995	25.8425	18.0000	25.9782	25.9782	25.9569	25.9457
COLUMBIA CENTRAL	19.1000	19.1000	17.5878	19.9300	19.9300	19.9300	19.9300	20.5527	19.1747	19.3622
CONCORD	21.2500	21.2500	21.2500	21.2500	17.6862	17.4271	17.2210	21.1306	22.1147	19.5339
EAST JACKSON	25.2400	25.2400	25.5000	25.5000	25.5000	25.3218	25.5000	25.5000	25.4000	25.0000
GRASS LAKE	19.0000	19.0000	19.0000	19.9478	20.3468	20.0000	25.0000	25.0000	24.9020	24.4794
HANOVER-HORTON	25.0000	25.0000	25.0000	24.9874	24.5719	24.1273	23.7230	19.5423	21.3397	21.0916
HOMER	23.3000	23.3000	21.0000	21.0000	21.0000	20.0000	18.1000	18.0000	18.0000	21.9374
JACKSON PUBLIC	18.0000	18.0000	17.9298	17.9298	17.9298	19.7614	19.5547	19.8320	19.8320	20.3320
JONESVILLE	18.0000	18.0000	20.0000	20.0000	27.4700	27.3574	25.4700	25.4700	25.4700	25.4700
LESLIE	25.3900	25.3900	25.3900	24.7870	24.6704	24.5010	25.3900	24.4932	26.1284	25.0689
LITCHFIELD	20.1000	20.1000	22.2000	23.1000	23.1000	22.3000	22.6300	21.8150	21.0000	20.5000
MANCHESTER	19.9000	19.9000	19.9000	19.9000	19.1582	20.0700	25.5000	25.0000	25.0000	25.0000
MICHIGAN CENTER	18.0000	18.0000	18.0000	18.0000	17.3142	17.7282	17.7282	17.8002	20.9068	20.7919
NAPOLEON	23.2000	23.2000	23.2100	23.2100	23.0300	22.9300	22.9300	21.7776	21.3396	17.3796
NORTH ADAMS	22.3000	20.1000	22.0000	22.0000	21.1404	21.4018	21.4800	21.2000	19.6262	20.0619
NORTHWEST	19.2522	19.2522	18.9716	18.6794	18.4855	18.1208	18.0775	17.8018	17.6658	17.5895
SPRINGPORT	21.2500	21.2500	26.9500	26.9500	26.9500	26.5936	26.4736	26.9500	26.9500	26.9500
STOCKBRIDGE	20.0020	20.0020	21.1792	21.1792	20.0864	23.4455	25.0000	25.0000	25.0000	25.0000
VANDERCOOK LAKE	18.0000	18.0000	24.0050	24.0050	24.0050	23.6910	23.4910	23.4958	22.3525	22.1525
WESTERN	25.0000	25.0000	24.8380	25.0000	25.0000	25.0000	25.0000	25.0000	25.0000	25.0000
JACKSON COMMUNITY COLLEGE	1.3662	1.3662	1.3592	1.2946	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565
STATE EDUCATION TAX	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	5.0000	5.0000
INTERMEDIATE SCHOOL DIST:										
JACKSON COUNTY	7.9275	7.9275	8.8857	8.8445	8.7166	8.5624	8.4928	7.4217	8.2207	8.1704
CALHOUN COUNTY	6.1022	6.1022	6.1022	6.1022	6.0764	6.0764	6.0694	6.0674	6.2057	6.2057
HILLSDALE COUNTY	4.0235	4.0235	4.0235	4.0235	3.9754	3.9511	3.9385	3.9092	3.8588	3.8488
INGHAM COUNTY	6.1977	6.1977	6.1977	6.1913	6.1615	6.1354	6.1042	6.0738	6.0553	6.0291
LENAWEE COUNTY	6.6949	6.6949	6.6949	6.6849	6.6073	7.7073	7.6449	7.5465	7.4867	7.4102
WASHTENAW COUNTY	3.4327	3.4327	3.4257	3.3168	3.1568	3.1311	3.1050	3.0738	3.0552	4.9350

Note: Millage rates are stated in dollars per one thousand of state-equalized or taxable valuation. Year shown is based on County's year of revenue recognition.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX LEVIES AND COLLECTIONS
ALL TAXING UNITS WITHIN COUNTY
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 5

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT COLLECTIONS</u>		<u>PERCENTAGE COLLECTED</u>
			<u>TO</u>	<u>AMOUNT</u>	
1996	1995	\$ 77,044,146	03/01/96	\$ 70,645,005	91.69%
1997	1996	84,301,499	03/01/97	77,715,634	92.19%
1998	1997	84,317,173	03/01/98	77,081,850	91.42%
1999	1998	92,942,880	03/01/99	85,723,643	92.23%
2000	1999	99,360,829	03/01/00	91,798,753	92.39%
2001	2000	102,374,754	03/01/01	93,752,918	91.58%
2002	2001	109,092,175	03/01/02	100,145,356	91.80%
2003	2002	117,146,638	03/01/03	108,032,717	92.22%
2004	2003	125,120,281	03/01/04	116,512,575	93.12%
2005	2004	137,381,374	03/01/05	127,747,667	92.99%

NOTE:

Current property tax collections are made by the individual taxing units of Jackson County. On approximately March 1 of each year the County Treasurer "settles" with the treasurer of each taxing unit, accounting for all current property taxes collected, as well as purchasing (in the normal case) all delinquent real property taxes from the units via the County's Delinquent Tax Revolving Fund.

The levies and collections shown above represent all taxes levied and collected by the individual units on a current basis.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX LEVIES AND COLLECTIONS
COUNTY OPERATING LEVY ONLY
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 6

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTED</u>	<u>PERCENTAGE OF LEVY COLLECTED</u>	<u>OTHER COLLECTIONS</u>	<u>PROPERTY TAX REVENUE</u>
1996	1995	\$ 11,743,876	\$ 11,605,618	98.82%	\$ 358,936	\$ 11,964,554
1997	1996	12,274,896	12,205,419	99.43%	331,778	12,537,197
1998	1997	13,045,738	12,876,390	98.70%	358,389	13,234,779
1999	1998	13,786,014	13,663,989	99.11%	313,601	13,977,590
2000	1999	14,292,665	14,172,255	99.16%	449,834	14,622,089
2001	2000	15,007,725	14,707,785	98.00%	493,330	15,201,115
2002	2001	16,098,468	15,352,076	95.36%	594,508	15,946,584
2003	2002	16,992,520	16,550,836	97.40%	465,064	17,015,900
2004	2003	17,520,863	17,279,655	98.62%	677,007	17,956,662
2005	2004/2005	20,385,845	18,768,000	92.06%	630,287	19,398,287

NOTE:

Property taxes were levied December 1, 2004 & July 1, 2005. The December and July levies were recognized as revenue in 2005.

The County operates a Delinquent Tax Revolving Fund whereby (in the normal case) all outstanding delinquent real tax receivables are purchased from the taxing units. All units, including the County General Fund, receive full payment for all the real property taxes levied under this arrangement.

The Current Tax Collections amount includes the payment received by the County's General Fund from the Delinquent Tax Revolving Fund representing all real property taxes to be collected and all personal property taxes collected.

The Other Collections amount represents collections of personal property taxes from prior year(s) and miscellaneous tax-related collections (e.g., Commercial and Industrial Facility Taxes) that are recognized as revenue in the year collected.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PRINCIPAL TAXPAYERS
TAXABLE VALUATION
December 31, 2005
(UNAUDITED)**

TABLE 7

<u>TAXPAYER</u>	<u>1 VALUATION</u>	<u>PERCENT OF TOTAL T.V.</u>
Kinder-Morgan Michigan LLC	\$125,302,200	3.14%
Consumer's Energy	106,341,818	2.67%
Mac Steel Division of Quanex Corp	60,794,571	1.52%
MACI	35,618,521	0.89%
Vector Pipeline	11,229,325	0.28%
Wolverine Tech/Certainteed	10,606,900	0.27%
Ganton, John	9,386,749	0.24%
Worthington Speciality Processing	7,476,482	0.19%
Meijers Inc	6,598,581	0.17%
Ramco-Gershenson Properties	6,480,298	0.16%
Total Ten Largest Valuation by Taxpayer	379,835,445	9.52%
Other Taxpayers	<u>3,608,406,400</u>	<u>90.48%</u>
Total Taxable Valuation	<u><u>\$3,988,241,845</u></u>	<u><u>100.00%</u></u>

Note:

The County generally recognizes property taxes as revenue in the year following the year of levy . The above data relates to the December 1, 2004 tax levy recognized as revenue in the calendar year 2005.

In 2004 the State of Michigan enacted PA 357 which provides a funding mechanism to serve as a substitute to county revenue sharing payments. This substitute funding mechanism involves a gradual shift of county tax millage from a winter tax levy to a summer tax levy. Therefore, the July 2005 levy was recognized as revenue in 2005. The shift was 1/3 of regular levy in 2005, 2/3 of regular levy in 2006, 3/3 of regular levy for years 2007 and thereafter.

1 - Included in taxable values are Industrial Facility Tax Exemptions (IFT's) and Tax Increment Financing Authorities for which no current property tax revenue is generated by the County of Jackson.

For the recognition year of 2005, there was approximately \$220,863,000 of taxable value subject to IFT and Tax Increment Financing arrangements which is the equivalent of approximately \$1.1 million of tax revenue.

**COUNTY OF JACKSON
SPECIAL ASSESSMENT
BILLINGS AND COLLECTIONS
ALL TAXING UNITS WITHIN COUNTY
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 8

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>CURRENT ASSESSMENTS LEVIED</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>DELINQUENT CURRENT ASSESSMENTS</u>	<u>TOTAL COLLECTIONS RATIO</u>	<u>OUTSTANDING ASSESSMENT</u>
<u>COUNTY ROAD ASSESSMENT</u>						
1996	1995	\$ 62,562	\$ 62,562	--	100.00%	\$ 193,829
1997	1996	54,086	54,086	--	100.00%	133,068
1998	1997	50,875	50,875	--	100.00%	252,449
1999	1998	74,083	74,083	--	100.00%	256,777
2000	1999	86,688	86,688	--	100.00%	207,573
2001	2000	72,241	72,241	--	100.00%	253,132
2002	2001	77,766	77,766	--	100.00%	266,593
2003	2002	110,624	110,624	--	100.00%	193,228
2004	2003	73,270	73,270	--	100.00%	119,957
2005	2004	53,923	53,923	--	100.00%	164,339
<u>DRAIN AND LAKE LEVEL ASSESSMENT</u>						
1996	1995	\$ 65,629	\$ 65,629	--	100.00%	\$ 68,611
1997	1996	68,611	68,611	--	100.00%	49,191
1998	1997	49,191	49,191	--	100.00%	112,262
1999	1998	112,262	112,262	--	100.00%	106,416
2000	1999	106,416	106,416	--	100.00%	138,831
2001	2000	138,831	138,831	--	100.00%	27,585
2002	2001	27,585	27,585	--	100.00%	71,532
2003	2002	71,532	71,532	--	100.00%	69,230
2004	2003	69,230	69,230	--	100.00%	91,873
2005	2004	91,873	91,873	--	200.00%	115,041

NOTE:

Special assessments are levied each December 1; property taxes are recognized as revenue in the year following the levy year.

The County operates a Delinquent Tax Revolving Fund whereby all outstanding assessments are purchased from the taxing unit. All units receive full payment for all assessments levied under this arrangement.

COUNTY OF JACKSON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
ALL TAXING UNITS WITHIN COUNTY
December 31, 2005
(UNAUDITED)

TABLE 9

<u>DIRECT DEBT</u>	GROSS DIRECT BONDED DEBT	SELF-SUPPORTING OR PORTION PAID DIRECTLY BY BENEFITED MUNICIPALITIES	NET DIRECT BONDED DEBT
BUILDING AUTHORITY	\$28,525,000	\$0	\$28,525,000
WATER AND SEWER BONDS	42,745,000	42,745,000	0
SOLID WASTE GENERAL OBLIGATION BONDS	7,350,000	0	7,350,000
SOLID WASTE REVENUE BONDS (G. O. PLEDGE)	5,035,000	0	5,035,000
TOTAL DIRECT DEBT	<u>\$83,655,000</u>	<u>\$42,745,000</u>	40,910,000
 <u>OVERLAPPING DEBT OF COUNTY</u>			
SCHOOL DISTRICTS			158,041,884
CITIES AND VILLAGES			55,785,000
TOWNSHIPS			39,586,677
COMMUNITY COLLEGE AND INTERMEDIATE SCHOOL DISTRICT			<u>6,537,596</u>
NET OVERLAPPING DEBT			<u>259,951,157</u>
NET COUNTY AND OVERLAPPING DEBT			<u>\$300,861,157</u>
 COUNTY NET DIRECT AND OVERLAPPING DEBT PER CAPITA			
			\$1,899.11
 2004 STATE EQUALIZED VALUATION (DECEMBER 1 LEVY)			
			\$5,234,403,884
 RATIO OF NET DIRECT AND OVERLAPPING DEBT TO 2004 STATE EQUALIZED VALUE			
			5.75%

Notes:

The county has pledged its full faith and credit towards payment of the County issued Bonds paid by other municipalities.

Underlying debt of the County consists of bonded debt outstanding for all units of government whose boundaries are contained inside the County boundaries.

**COUNTY OF JACKSON
LONG-TERM DEBT
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2005
(UNAUDITED)**

TABLE 10

AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:

BUILDING AUTHORITY	\$28,525,000
WATER AND SEWER BONDS	42,745,000
SOLID WASTE GENERAL OBLIGATION BONDS	7,350,000
SOLID WASTE REVENUE BONDS (G. O. PLEDGE)	<u>5,035,000</u>
GROSS BONDED DEBT	83,655,000
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS	<u>297,508</u>
 BONDED DEBT (less debt service funds)	 <u><u>\$ 83,357,492</u></u>
 TOTAL STATE EQUALIZED VALUATION	 \$5,234,403,884
 DEBT LIMIT - TEN PERCENT OF STATE EQUALIZED VALUATION	 523,440,388
 BONDED DEBT (less debt service funds)	 <u>83,357,492</u>
 MARGIN FOR ADDITIONAL DEBT	 <u><u>\$440,082,896</u></u>

NOTE:

Michigan Counties are subject to a Constitutional debt limitation of 10% of State Equalized Valuation. No exclusions of certain categories of debt are made for Michigan Counties.

**COUNTY OF JACKSON
LONG-TERM DEBT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL GOVERNMENTAL EXPENDITURES
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 11

<u>YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1996	\$ 2,641,429	\$ 1,101,614	\$ 3,743,043	\$ 22,267,609	16.81%
1997	2,784,256	948,781	3,733,037	23,520,801	15.87%
1998	2,312,095	879,966	3,192,061	24,125,421	13.23%
1999	2,462,095	751,232	3,213,327	25,762,664	12.47%
2000	1,761,480	827,626	2,589,106	27,679,961	9.35%
2001	1,561,132	1,791,877	3,353,009	30,028,736	11.17%
2002	1,258,956	1,510,639	2,769,595	32,429,692	8.54%
2003	1,196,790	1,242,942	2,439,732	32,759,661	7.45%
2004	1,420,000	1,497,231	2,917,231	35,532,960	8.21%
2005	1,785,000	2,081,232	3,866,232	36,013,392	10.74%

NOTE:

General Expenditures reflected above include General Fund expenditures only.

The bonded debt expenditures reported above consists primarily of County of Jackson Board of Public Works bonds which are general obligations or special assessment bonds. Effective in 1988, Intercounty Drain District bonds are included in the debt service function. Effective in 1992, Jackson County Building Authority Bonds used to finance renovation and construction of various county buildings are included in the debt service function.

Building Authority Bonds issued for the County Medical Care Facility are not included as "general bonded debt".

**COUNTY OF JACKSON
LONG-TERM DEBT
RATIO OF GENERAL BONDED DEBT TO ASSESSED
VALUE AND GENERAL BONDED DEBT PER CAPITA
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 12

<u>YEAR ENDED</u>	<u>ESTIMATED POPULATION</u>	<u>ASSESSMENT VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT PER CAPITA</u>
1996	150,000	\$ 2,200,224,184	\$ 20,460,000	0.93	\$ 136.40
1997	150,000	2,418,515,146	17,400,000	0.72	116.00
1998	150,000	2,665,417,040	15,368,000	0.58	102.45
1999	150,000	2,996,964,169	13,815,000	0.46	92.10
2000	150,000	3,274,880,704	32,467,000	0.99	216.45
2001	158,000	3,626,300,504	32,044,000	0.88	202.81
2002	158,000	4,007,667,613	31,258,717	0.78	197.84
2003	158,000	4,443,468,179	38,770,000	0.87	245.38
2004	158,000	4,963,281,134	48,350,000	0.97	306.01
2005	158,000	5,234,403,884	55,545,000	1.06	351.55

NOTE:

The General Bonded Debt reported above consists primarily of County of Jackson Board of Public Works bonds which are general obligations or special assessment bonds. Effective in 1988, Intercounty Drain District bonds are included in the debt service function. Effective in 1992, Jackson County Building Authority Bonds used to finance renovation and construction of various county buildings are included in the debt service function.

Building Authority Bonds issued for the County Medical Care Facility are not included as "general bonded debt".

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
STATE EQUALIZED / TAXABLE VALUE OF TAXABLE PROPERTY
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 13

LEVY YEAR	REAL PROPERTY VALUE					TOTAL	
	AGRICULTURAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	DEVELOPMENTAL	PERSONAL	TOTAL
1995	\$ 136,586,834	\$ 251,766,237	\$ 83,944,541	\$ 1,344,931,931	\$ 2,075,889	\$ 270,426,507	\$ 2,089,731,939
1996	137,638,691	261,673,719	87,386,101	1,427,806,254	3,681,434	279,064,400	2,197,250,599
1997	140,718,915	284,205,385	90,986,897	1,527,024,907	3,814,976	289,440,761	2,336,191,841
1998	145,010,450	297,618,834	90,631,946	1,634,713,355	5,741,465	303,436,953	2,477,153,003
1999	149,659,634	318,315,555	98,046,504	1,745,761,660	7,756,346	326,573,509	2,646,113,208
2000	151,586,768	346,621,189	103,446,435	1,857,936,758	10,283,479	307,721,828	2,777,596,457
2001	153,091,843	374,842,174	109,651,253	2,014,665,796	11,117,654	358,844,802	3,022,213,522
2002	155,523,633	398,610,993	162,711,700	2,180,598,169	12,415,752	357,442,972	3,267,303,219
2003	152,297,696	462,314,917	265,483,319	2,344,031,820	14,851,558	356,899,402	3,595,878,712
2004	156,791,112	483,912,985	256,259,052	2,520,199,101	14,147,770	329,263,440	3,760,573,460
2005	158,885,302	505,751,375	247,242,467	2,702,975,433	16,424,976	356,962,292	3,988,241,845

NOTE:

Property Taxes are levied on December 1 of each year. Property taxes are recognized as revenue by the County of Jackson in the year following the year of levy.

Effective tax year 1995 the Michigan Constitution provides that property is to be taxed based on the taxable value of that property.

**COUNTY OF JACKSON
EMPLOYMENT STATISTICS
YEARS ENDED 1996 THROUGH 2005
(UNAUDITED)**

TABLE 14

<u>YEAR ENDED</u>	<u>ESTIMATED POPULATION</u>	<u>LABOR FORCE</u>	<u>EMPLOYMENT</u>	<u>UNEMPLOYMENT</u>	<u>UNEMPLOYMENT RATE</u>
1996	150,000	74,300	70,600	3,700	4.98%
1997	150,000	76,700	73,300	3,400	4.43%
1998	150,000	76,500	73,700	2,800	3.66%
1999	150,000	77,400	74,800	2,600	3.36%
2000	150,000	79,900	77,400	2,500	3.13%
2001	158,000	80,875	76,550	4,325	5.35%
2002	160,000	79,075	74,000	5,075	6.42%
2003	162,321	79,500	73,150	6,350	7.99%
2004	162,973	81,837	75,851	5,986	7.31%
2005	163,600	79,889	74,684	5,205	6.52%

NOTE:

Population shown is estimated. Actual population per the U. S. census 149,856 and 158,422 for 1990 and 2000, respectively.

Sources: Michigan Department of Career Development & Michigan Dept. of Management and Budget

**COUNTY OF JACKSON
MISCELLANEOUS COUNTY STATISTICS
(UNAUDITED)**

TABLE 15

INCOME CHARACTERISTICS

<u>Income in 1999 Households</u>	<u>Number of Households</u>
Less than \$10,000	4,293
\$10,000 to \$14,999	3,736
\$15,000 to \$24,999	7,399
\$25,000 to \$34,999	7,457
\$35,000 to \$49,999	10,620
\$50,000 to \$74,999	13,050
\$75,000 to \$99,999	6,585
\$100,000 to \$149,999	3,696
\$150,000 or more	<u>1,482</u>
	<u><u>58,318</u></u>
Median Household Income	<u><u>\$43,171</u></u>
Per Capita Income	<u><u>\$20,171</u></u>

AGE CHARACTERISTICS

Age Groups of County Residents

Under 5 years	10,226
5 to 19 years	34,195
20 to 24 years	11,310
25 to 44 years	45,617
45 to 64 years	40,838
Over 65 years	<u>20,787</u>
Total County 2000 Population	<u><u>162,973</u></u>

Note: Source of information 2000 U.S. Census & Population Division, US Census Bureau

**COUNTY OF JACKSON
EDUCATION CHARACTERISTICS
(UNAUDITED)**

TABLE 16

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>
Less than 9th grade	3.5%
9th to 12th grade, no diploma	12.3%
High school graduate	32.8%
Some college, no degree	27.1%
Associate degree	8.0%
Bachelor's degree	11.2%
Graduate of professional degree	5.1%
	<hr/>
	100.00%
	<hr/> <hr/>

Current School Enrollment (includes both Public and Private Schools)

Kindergarten to grade 8	21,759
Grades 9 through 12	9,572
College or Graduate School	7,379
	<hr/>
	38,710
	<hr/> <hr/>

Note: Source of information - U.S. Bureau of Census, Census 2000

**COUNTY OF JACKSON
MISCELLANEOUS COUNTY STATISTICS**

TABLE 17

Date of Incorporation:	August 1, 1832
Form of Government:	Elected Board of Commissioners
Area:	Approximately 707 square mile
1999 Population	158,422
Miles of Streets	 Paved Primary - 652 miles this comes from road audit Paved Local - 972 miles Gravel Local - 312 miles
Parks and Recreation	 World Famous Illuminated Cascade Falls 15 parks with approximately 566 acres 13 picnic areas 11 swimming areas Cascades 18 hole Championship Golf Course Hills Brothers Golf Course one miniature golf course
County Fair	 4th Largest Fair in State Over 55,000 flowers and plants planted annually
Colleges	 Jackson Community College Spring Arbor College Baker College
Internet Address	 www.co.jackson.mi.us

Note: Source of information - Various County Departments

SINGLE AUDIT ACT COMPLIANCE

**COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Program -				
U.S.D.A. Food Distribution:	10.550			
Entitlement commodities		-n/a-	\$ 1,993	\$ 1,993
Bonus commodities		-n/a-	232	232
Passed-through the Michigan Department of Education:				
School Breakfast Program -	10.553			
Jackson County Youth Center		-n/a-	16,167	16,167
National School Lunch Program -	10.555			
Jackson County Youth Center		-n/a-	24,467	24,467
School Snack Program -	10.555			
Jackson County Youth Center		-n/a-	3,445	3,445
Passed-through the Michigan Department of Community Health				
Special Supplemental Program for Women,				
Infants and Children:	10.557			
2004-2005		XX4W1006	543,967	543,967
Special Supplemental Food Program for WIC				
2004-2005		F54003	21,591	21,591
Special Projects	10.578	20051W1011	3,436	3,436
2004-2005				
Passed-through the Region 2 Area Agency on Aging -				
Title III Elderly Feeding Program -	10.558			
Elderly Feeding		-n/a-	115,545	115,545
Total U.S. Department of Agriculture			730,843	730,843
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed-through City of Jackson -				
CDBG Grandparents Raising Grandchildren	14.219	-n/a-	3,900	3,900
CDBG Home Delivered Meals	14.219	-n/a-	5,000	5,000
Passed-through MSHDA				
Michigan State Housing Development Authority	14.228	MSC-2004-0727-HOA	371,354	371,354
Total U.S. Department of Housing and Urban Development			380,254	380,254
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed-through the Detroit Community Justice Partnership -				
Project Safe Neighborhoods	16.609	2003GPCX0568		
2005			35,340	35,340

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF JUSTICE (Concluded)</u>				
Passed-through the Michigan Family Independence Agency - Juvenile Accountability Incentive Block Grant 2005/2006	16.523	JAIBG-05-38001	\$ 27,652	\$ 27,652
Comprehensive Strategies, Full Circle 2005/2006	16.549	JJCSI-05-38001	48,783	48,783
Going Home Reentry Program	16.540	JJAC 03-38001	61,129	61,129
After Care Program	16.540	AC 03-38001	73,898	73,898
Passed-through the Michigan State Police - Fingerprint Livescan Project	16.579	2003DBBX0049	16,100	16,100
Passed-through Department of Community Health - Office of Drug Control Policy: Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants LAWNET Enhancement Project 2004/2005	16.580	70771-7-04-B	34,317	34,317
2005/2006		72239-1-06B	19,221	19,221
Total U.S. Department of Justice			316,440	316,440
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed-through Michigan Office of Highway Safety Planning Highway Training and Education - Drive Michigan Safely 2004/2005	20.600	PT-05-17	7,139	7,139
2005/2006		PT-06-35	628	628
Total U.S. Department of Transportation			7,767	7,767
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through Michigan Department of Environmental Quality - Radon Grant	66.032	-n/a-	2,600	2,600
Upper Grand River Transition/Implementation I	66.460	2000-0039	73,809	73,809

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY (Concluded)</u>				
Passed through Michigan Department of Environmental Quality -				
Operator Certification	66.471	-n/a-	\$ 11,000	\$ 11,000
Arsenic Rule Implementaion	66.468	-n/a-	1,950	1,950
Total U.S. Environmental Protection Agency			89,359	89,359
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through Jackson Public Schools				
Title 1 Part D for Neglected and Delinquent Children	84.013	-n/a-	14,369	14,369
Passed-through Jackson County Intermediate School District				
Part H IDEA	84.181			
2004/2005		051340	123,826	123,826
2005/2006		061340	37,086	37,086
Total U.S. Department of Education			175,281	175,281
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-through the Region 2 Area Agency on Aging:				
Special Programs for the Aging - Title III,				
Part B - Grants for Supportive Services and Senior Centers:	93.044			
Home Care Assistance		-n/a-	35,689	35,689
Chore		-n/a-	7,943	7,943
Senior Center Staffing		-n/a-	34,933	34,933
Senior Center Operations		-n/a-	2,165	2,165
Peer Support		-n/a-	15,436	15,436
Case Coordination		-n/a-	20,918	20,918
Health Prevention/Promotion	93.UNK	-n/a-	12,561	12,561
Grandparents Raising Grandchildren	93.UNK	-n/a-	33,757	33,757
Caregiver Information and Assistance	93.UNK	-n/a-	14,809	14,809
Special Programs for the Aging - Title III,				
Part C - Nutrition Services:	93.045			
C-1 Congregate Site Meals		-n/a-	128,154	128,154
C-2 Home Delivered Meals		-n/a-	117,109	117,109

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>				
Passed-through the Michigan Family Independence Agency:				
SFSC Grant	93.556			
2004-2005		SFSC-05-38002	\$ 51,592	\$ 51,592
2005-2006		SFSC-05-38002	18,071	18,071
IV-D Support Incentive	93.560			
2005		-n/a-	337,387	337,387
Child Support Enforcement:	93.563			
Friend of the Court				
2004/2005		CS/FOC-05-38001	1,917,322	1,917,322
Prosecuting Attorney				
2004/2005		CSPA-05-38002	165,896	165,896
2005/2006		CSPA-06-38002	62,834	62,834
Medical Support Enforcement:	93.563			
Friend of the Court				
2004/2005		CS/MED-05-38001	43,833	43,833
Child Abuse and Neglect	93.658			
2004		PROFC-05-38001	14,878	14,878
Passed-through South Central Michigan Substance Abuse Council				
Born Free	93.959	-n/a-	752	752
Passed-through the Michigan Department of Community Health:				
Michigan Abstinence Partnership	93.235			
2004/2005		20041462	122,378	122,378
Immunization - Vaccine Handling	93.268			
2004/2005		H23CCH522556	4,289	4,289
Immunization - IAP -	93.268			
2004/2005		H23CCH522556	66,626	66,626
Immunization	93.268			
Vaccine Provided		-n/a-	527,064	527,064

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Concluded)</u>				
Bioterrorism - EPI 2003/2004	93.283	CCU517018	\$ 219,139	\$ 219,139
Medical Assistance Program: Special Projects 2004/2005	93.778	5XX05MI5048	25,000	25,000
Case Care Coordination 2004/2005		5XX05MI5048	14,841	14,841
CSHC Care Coordination	93.778	B1 MI PRVS	2,755	2,755
AIDS Counseling and Testing 2004/2005	93.940	U62 CCU502060	17,776	17,776
Preventative Health and Health Services Block Grant - STD Control 2004/2005	93.991	B1 MI PRVS	22,028	22,028
SIDS Counseling	93.994	B1MMCHS	1,615	1,615
Maternal and Child Health Services Block Grant to the States: Local Match 2004/2005	93.994	B1 MI MCHS	91,346	91,346
Case Management Services 2004/2005		B1 MI MCHS	21,998	21,998
Passed-through Community Action Agency Non-custodial Parent Grant 2004/2005	93.558	03-04JFOCNCP-06	61,890	61,890
Passed-through The Michigan Public Health Institute Children of Children	93.235	032750	5,800	5,800
Total U.S. Department of Health and Human Services			4,240,584	4,240,584
<u>U.S. Department of Homeland Security</u>				
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2004 Homeland Security Grant Program	97.004	-n/a-	793,007	793,007
2005 Homeland Security Grant Program	97.067	-n/a-	227,858	227,858

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Concluded)				
<u>U.S. Department of Homeland Security</u>				
Passed-through Michigan Department of State Police				
Emergency Management - State and Local Assistance				
2003 State Homeland Security Grant Program Part II	97.004	-n/a-		
Solution Area Planner			\$ 1,200	\$ 1,200
Exercise Grant			5,138	5,138
Training Grant			72,169	72,169
Emergency Management - State and Local Assistance	83.548	FEMA 1346 DR MI	25,864	25,864
2004 Emergency Management Performance Grant	97.042	-n/a-	197	197
2005 Emergency Management Performance Grant	97.067	-n/a-	27,315	27,315
2002 Planning Grant - 302 Sites	97.051	-n/a-	756	756
Total Federal U.S. Department of Homeland Security			1,153,504	1,153,504
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT			7,094,032	7,094,032
COMPONENT UNITS:				
<u>OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE</u>				
Brownfield Pilots Cooperative Agreements	66.811	-n/a-	218,151	218,151
TOTAL FEDERAL AWARDS - REPORTING ENTITY			\$ 7,312,183	\$ 7,312,183

COUNTY OF JACKSON, MICHIGAN

Note to Schedule Of Expenditures of Federal Awards

For the Year Ended December 31, 2005

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Jackson, Michigan, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 Fiscal Year

Federal expenditures reported on the accompanying schedule of expenditures of federal awards include certain amounts that are reported for the year ended September 30, 2005 to coincide with the fiscal year of the fund in which the expenditures are reported. The funds passed through the Michigan Family Independence Agency and the Michigan Department of Community Health are presented for the year ended September 30, 2005.



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

May 11, 2006

The Board of Commissioners
County of Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Jackson* as of and for the year ended December 31, 2005, and have issued our report thereon dated May 11, 2006. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 54.4% and 1.1% of the assets and 57.5% and 0.2% of the program revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of Jackson County in a separate letter dated May 11, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Commissioners, others within the organization, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

May 11, 2006

The Board of Commissioners
County of Jackson, Michigan

Compliance

We have audited the compliance of the **County of Jackson** with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The **County of Jackson's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **County of Jackson's** management. Our responsibility is to express an opinion on the **County of Jackson's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **County of Jackson's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **County of Jackson's** compliance with those requirements.

In our opinion, the **County of Jackson** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the *County of Jackson* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *County of Jackson's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to the management of *County of Jackson* in a separate letter dated May 11, 2006.

We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 54.4% and 1.1% of the assets and 57.5% and 0.2% of the revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based on the reports of the other auditors. The financial statements of the Medical Care Facility were not audited in accordance with Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COUNTY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ yes X no

COUNTY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
93.560	IV-D Support Incentive
93.563	Child Support Enforcement – IV-D CRP
97.004	2004 Homeland Security Grant Program
97.067	2005 Homeland Security Grant Program

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - PRIOR YEAR FEDERAL AWARD FINDINGS

None

* * * * *



REHMANN ROBSON

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May 11, 2006

The Board of Commissioners
County of Jackson, Michigan
Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Jackson, Michigan** as of and for the year ended December 31, 2005, and have issued our report thereon dated May 11, 2006. The audit report reflected an unqualified opinion on these financial statements. We did not audit the financial statements of the Road Commission or Economic Development Corporation discretely presented component units, nor the Medical Care Facility Enterprise Fund. Other auditors whose reports were furnished to us audited those financial statements.

Professional standards require that we provide you with the following information related to your audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Jackson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Jackson County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Jackson County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Jackson County's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. No new accounting policies were adopted and the application of existing policies was not changed during the year. The significant accounting policies used by the County of Jackson are described in Note 1 to the basic financial statements.

We noted no transactions entered into by Jackson County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Capital Assets - Management's estimate of the useful lives of depreciable capital assets in the governmental and business-type activities is based on the length of time it is believed that those assets will provide some economic benefit in the future.

Post-Closure Monitoring Costs - We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole. We also reviewed the calculations for the post-closure monitoring costs in the Resource Energy and Conversion Fund and the estimated claims liability in the Self-Insured Workers' Compensation and Health Insurance Funds, and found that they were consistent, complete and reasonable in relation to the financial statements taken as a whole.

Claims Estimate Payable – Workers' Compensation and Health Insurance Funds.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Jackson County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Jackson County, either individually or in the aggregate, indicate matters that could have a significant effect on Jackson County's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Jackson County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information and the attached memorandum is intended solely for the use of the Board of Commissioners and management of Jackson County and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned below the "Very truly yours," text.

COUNTY OF JACKSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2005

During our audit we became aware of certain matters that are opportunities for strengthening internal control and operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. A separate report dated May 11, 2006 contains our report on the County's internal control structure. This memorandum does not affect our report dated May 11, 2006, on the financial statements of Jackson County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these matters with County management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist the County in implementing the recommendations.

Resource Recovery Facility

Working capital (excess of current assets over current liabilities) remains at a negative level of approximately \$3,112,000. The working capital position has deteriorated by approximately \$344,000 in 2005. This has caused payments to vendors to be delayed.

We again recommend that the useful lives and book values of the building components and large equipment items be analyzed by a qualified person or firm, and if necessary, to adjust the book values of these long-lived assets and to reflect proper remaining useful lives. Also, we recommend that the County explore ways to increase the working capital of the facility through tipping fee rate changes or other options that will allow the Facility to operate competitively and to pay vendor bills in a timely manner. Past financial operating results should be compared with the projections report that was prepared in 2000 for years 2000 to 2027 to determine if the Facility is on track, or if other options should be explored in order to have the Facility continue as a going concern. This is a repeat comment from the prior year.

Bank Reconciliations

The pooled general bank account reconciliation is performed by staff in the finance department, who also have access to the County general ledger system. Presently, there are no initials of the person performing the reconciliation, nor is there a review of the completed reconciliation by a person independent of the Finance Department.

The process of Independent reviews was started in 2005; however not all reconciliations were reviewed. We urge this independent review process to continue in order to enhance the internal controls in this area. This is a repeat comment from the prior year.

COUNTY OF JACKSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS (Continued)

For The Year Ended December 31, 2005

Capital Assets

Over the past two years, the County has updated its capital asset records for the general government (governmental activities), and has extensive detail records supporting each category of capital assets. In the prior year, we recommended that individual capital equipment items be tagged in order to protect County assets and to adhere to grant requirements which specify that equipment records be controlled by the tagging process. This process was started in 2005, but is not yet completed because of staffing constraints.

The County should complete the tagging process as staffing levels permit. This is a repeat comment from the prior year.

Budget Violations

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets for the General Fund and Special Revenue Funds were adopted on an activity basis. Noted in Note II-B of the Comprehensive Annual Financial Report were several instances of expenditures exceeding budgets.

In summary, all funds categorized as General and Special Revenue Funds in the County's Comprehensive Annual Financial Report should be budgeted in accordance with the general appropriations measure, and should be amended accordingly when it becomes apparent that actual expenditures may exceed budgeted amounts, in order to be in compliance with P.A. 621. We understand that the County is in the process of revising its purchasing system and procedures, and hopes to have it implemented in 2006. This system should provide for an encumbrance system which will not process purchase requisitions for departments which are over budget. This is a repeat comment from the prior year.

Surprise Cash Counts

Several County Departments handle cash, and remit the receipts either daily or periodically to a depository account or the County Treasurer.

For these decentralized departments, we recommend that the County consider implementing "surprise cash counts" once or twice during the fiscal year in order to determine that County receipt policies are being adhered to, and that the cash counted agrees to underlying receipt records. We suggest that the Administrator/Controller appoint an appropriate individual (s) to perform these surprise cash counts. This is a repeat comment from the prior year.

COUNTY OF JACKSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS (Concluded)

For The Year Ended December 31, 2005

OPEB Liability

As you may be aware, the County as well as other governmental units which offer other post employment benefits (health and life insurance benefits to retirees , or “OPEB”) are going to require recording the annual cost and liability in the annual financial statements. Through the year 2005, governmental units including the County have been on a “pay as you go” or cash basis to reflect these costs in their financial statements. This accounting treatment stays in place for the County through the year 2007. Then, for 2008, this new reporting standard will require an actuarial report in order to determine funding requirements to force recording of a liability while service is rendered (normal cost), plus an adjustment for past service costs (called amortization of actuarial accrued liability). This requirement will affect future budgets and bond ratings of the County.

At the start of the decade, the County has established a Retiree Health Fund, which has a fund balance of \$4,821,000 at December 31, 2005. This comment is intended as an informational point. Accordingly, the County should make sure all preparations and forecasts are addressed as the implementation date draws nearer.

Trust and Agency Account

Trust and agency accounts are used to account for funds held in a fiduciary capacity for another entity or another person. We noted that one account is an IT Equipment account that records equipment purchases, then at a later date charges the proper fund or department for the equipment as it is placed in service. For proper accounting treatment, these equipment purchases should be charged directly to the fund/department when purchased.

New Auditing Procedures Report

The Auditing Procedures Report filed annually by independent auditors to the State Department of Treasury has been completely revamped, with many questions about a governmental entity’s financial operations and compliance with laws added and/or changed. Such additional questions include:

- Has the unit adopted a budget for all required funds?
- Is the governmental unit free of repeated management letter comments from previous years?

We advise that the County be familiar with the new form/questions asked in order to avoid “no” answers and the resulting follow-up and scrutiny of the Michigan Department of Treasury.

* * * * *